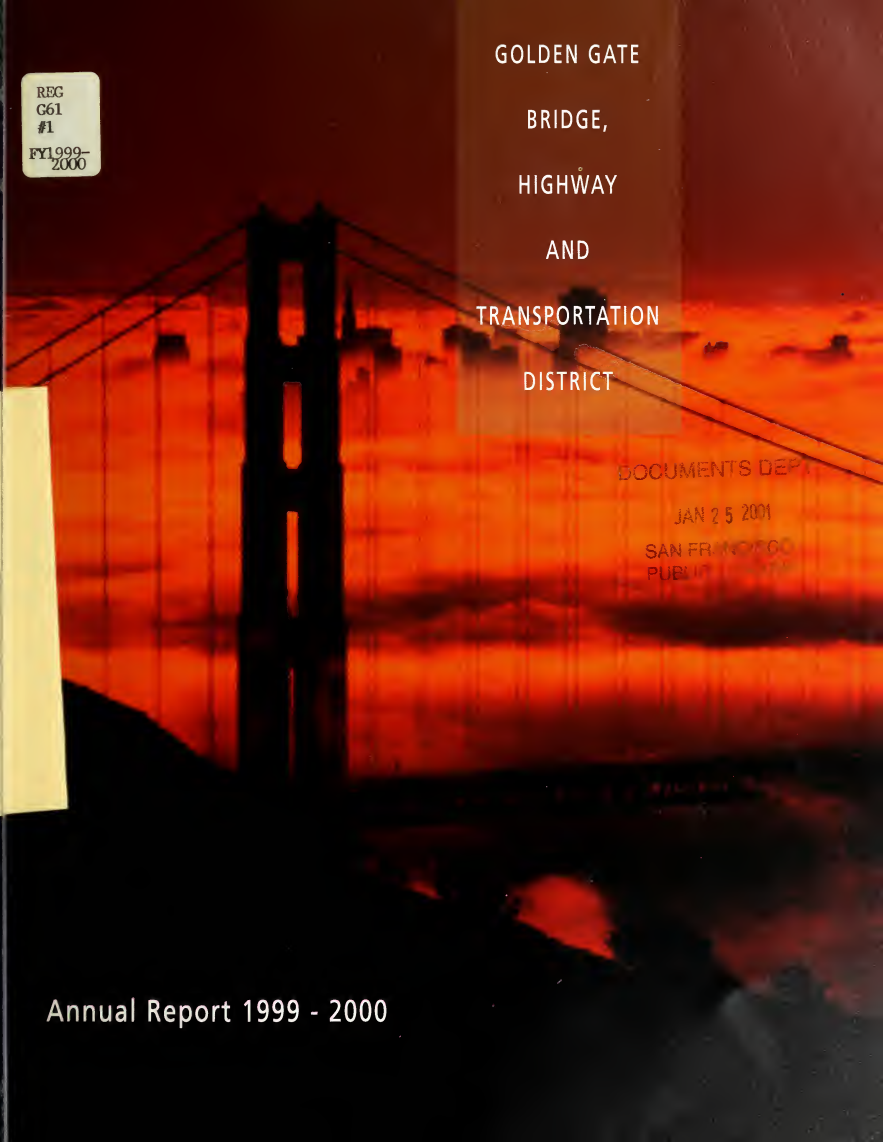
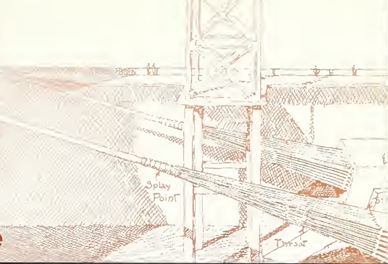


GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

Annual Report 1999 - 2000

From the President



Serving as President of the Golden Gate Bridge, Highway and Transportation District (District) Board of Directors for the last two years has been exceedingly rewarding. I have experienced, first-hand, the dedication with which the Board of Directors aligns itself to successfully move critical projects forward despite financial, operational and political challenges. Today, the District is facing the most acute demand on its financial resources in the history of the organization.

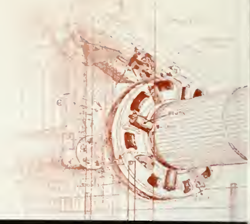
Unique among Bay Area transportation agencies, Golden Gate Bridge tolls are the principal funding source for continued operation of the Bridge and our public transit services. Of the $59.4 million collected in Bridge tolls this year, half was spent subsidizing bus and ferry services. The District does not have taxing authority and there is no dedicated local tax to support transit services in the North Bay. We are faced with the ever-growing challenge of meeting new financial obligations within this limited framework.

This year marks the emergence of a new funding program by the District—a Commercial Paper Program. Commercial Paper programs are commonly used by government organizations as a flexible, low interest rate financing tool. The District is justifiably proud that its $61 million commercial paper issuance achieved the highest bond rating in the nation for its class. With the execution of the Commercial Paper Program, the District has taken on debt for the first time since the original construction bonds were retired in 1971. This innovative funding program is now available as part of the financing package to fund the completion of our most critical capital project—the $300 million seismic retrofit of the Bridge. This program also better positions the District for future state and federal grant awards with a substantial source of local matching contribution funds.

Grant funding continues to provide money for critical capital projects. This year, the District received $87.6 million in federal, state and local grant commitments for the Seismic Retrofit Project. In addition, the Public Safety Railing Project received a federal commitment of $224,000. On the transit side, we received $18.1 million in federal and state grant commitments for current and future capital improvement projects. Significant grant commitments include: $9.25 million to purchase a new high speed catamaran, $4.9 million to purchase replacement buses, $324,000 for Larkspur Ferry Terminal parking improvements and $3.6 million to support implementation of several transit rehabilitation and replacement projects.

This year also saw the announced retirements of two key District Officers—Mervin C. Giacomini, District Engineer, and John J. Quigley, Auditor-Controller. The District will lose two outstanding employees who have greatly contributed to the District and its constituents. We wish them well. I look forward to continuing to work with my fellow Board members, knowing that the many positive changes taking place today position the District for greater success in the future.

Board President Bob Ross



From the General Manager

Many challenging and exciting changes took place in the organization during my first full year as General Manager. To start, the introduction of FasTrak electronic toll collection on the Bridge was highly successful. We launched a Commercial Paper Program to supplement funding required to complete seismic retrofit construction. We began special service to the San Francisco Giant's new baseball stadium as part of a regional effort to encourage use of public transportation to Pacific Bell Park. The addition of fourteen high occupancy passenger coaches further improved operating efficiency in the Bus Division. Development began on a Strategic Plan to provide vision and direction for District projects and programs for the next five years. Finally, a major reorganization of the District's management structure was undertaken to better position the District to respond effectively and efficiently to today's challenges.

Careful planning and use of resources is essential to complete the much-needed seismic retrofit of the Bridge, while implementing new service and modernization projects. Creating a more efficient organizational structure is the foundation to maximizing our resources. A fourth division, Administration and Development, was formed to unite the Information Systems, Human Resources, Diversity Programs, Planning, Public Information, Marketing, and Graphics departments. This new structure produces a more streamlined executive team that will improve the overall administrative effectiveness of the District. Refinement of departmental structure over the next two fiscal years will further enhance operational efficiency.

In addition to the reorganization, several retirements in key positions will continue to produce staff changes in the organization. This past year saw the hiring of a new Deputy General Manager for the Ferry Division, David B. Clark. In the coming year, the Board will appoint a new Auditor-Controller and District Engineer. Additionally, there will be new Deputy General Managers for the Bus and the Administration Divisions. At the Department level, new managers for Human Resources, Planning and Information Systems either have been or will be hired in the next few months. The infusion of new staff, coupled with the knowledge base of tenured staff throughout the District brings energy and fresh ideas to this rapidly changing organization.

To direct this change Board President, Bob Ross, appointed an Advisory Committee for Strategic Planning. The Committee comprised of both staff and Board members is developing goals and objectives to create the District's first comprehensive strategic plan. This plan will assist the District in focusing limited financial and human resources in areas that will accomplish the organization's goals with the greatest efficiency. I look forward to using the resources of the new management team and the direction of the strategic plan to shape the future of the District in the 21st Century.

General Manager Celia G. Kupersmith

FasTrak Delivers

In June 2000, the single most technologically advanced innovation since the introduction of one-way toll collection in 1968 debuted on the Golden Gate Bridge—FasTrak electronic toll collection. FasTrak is a computer technology that accelerates toll collection by allowing customers to pay tolls electronically.

Bridge Programs

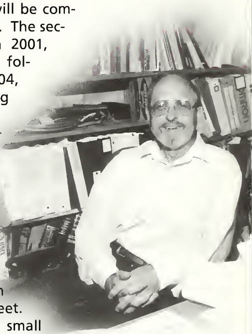
With a Y2K deadline looming, the first step was to replace the existing, antiquated manual toll registry equipment with new, state-of-the-art equipment in the 11 toll booths. On December 27, 1999, the new manual system was successfully launched. A team of internal experts joined the consultants to focus immediate attention on the electronic component–FasTrak. A public roll-out plan was developed while extensive system testing was completed. By June 2000 FasTrak was ready and 3,000 public participants were signed-up to preview the convenience of automated toll payment.

Customers rapidly embraced FasTrak. Within days of its July 13, 2000 opening, customers were already experiencing the elimination of traffic congestion at the toll plaza, and internal auditors were benefiting from the automation of toll collection reporting and improved audit security.

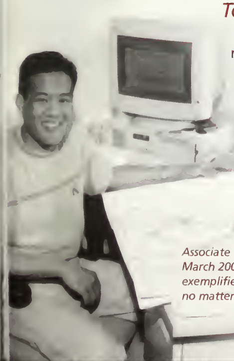
Retrofit Focuses on Tower Replacement

The $300 million seismic retrofit construction is separated into three phases. The first phase focuses on retrofitting the north approach, the second will retrofit the south approach and the third will retrofit the main span. The first phase began in late 1997 and will be completed in September 2001. The second phase will begin in 2001, and the third phase may follow as early as 2004, depending on funding availability.

This year seismic construction focused on the replacement of the two tallest steel towers supporting the north approach structure. The north approach is approximately 1,080 feet long and the four support towers range in height from 75 to 150 feet. Replacing a tower is no small feat! First, temporary supports are built on two sides of the tower. Then, the portion of the bridge supported by the tower is "jacked" up off of the existing bearings and the load transferred to the temporary towers. The old tower is demolished, then the foundation retrofit is completed and a new steel tower replicating the original support tower design is constructed. The load is then transferred back to the new tower and bearings. Replacement of all four towers is expected to be completed by spring 2001.



Electrical Superintendent Robert Thiel, July 1999 Employee of the Month, was instrumental in keeping FasTrak on track.



Associate Civil Engineer Paul A. Wong, March 2000 Employee of the Month, exemplified the spirit of teamwork—no matter what the project.

Bridge Painter Claude Smith, September 1999 Employee of the Month, worked with his crew on the recoating of the bottom lateral bracing of the main span.

Main Cable Renovation

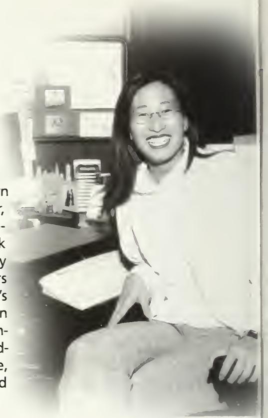
The distinctive silhouette of the Bridge is formed by two 7,650 foot-long main cables that drape over the 746 foot-tall towers and rest in massive steel saddles at the top of each tower. The cables are attached and protected at both ends inside giant concrete anchorage housings. The cables are a little more than three feet in diameter and together they house 80,000 miles of wire.

After 63 years of exposure to the marine elements, a complete cleaning and painting of the main cables' exterior is now needed. The work will be performed in two segments—the area below the roadway and area above the roadway. In April 2000, Bridge painters began working below the roadway where the main cables pass through the Fort Point Arch. This segment will be completed by early 2001. The cables over the roadway are slated for recoating beginning in 2001. It will take approximately two years to complete the repainting of both cables, end to end.

Bridge Electrician Raymond Schlesinger, October 1999 Employee of the Month, developed improved maintenance methods for coin-operated meters in the visitor lot.

Bike Patrols

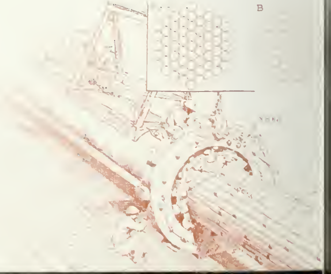
Safety is a key concern of the District. This year, we added a new component to our sidewalk safety patrols. Specially trained bridge officers patrol the span's busy east sidewalk on bicycle. Numerous contacts were made providing medical assistance, visitor information, and traffic control.

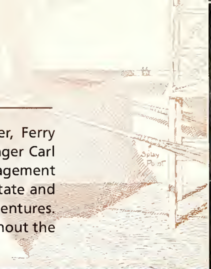


Administrative Assistant Amorette Ko, May 2000 Employee of the Month, provided outstanding assistance to everyone during the transition to a new General Manager.

Honors for the Bridge

On June 12, 2000, the Golden Gate Bridge was given the second annual Gustav Lindenthal Medal as the most significant engineering project of the 20th Century. The award was presented at the 17th Annual International Bridge Conference in Pittsburgh, Pennsylvania. The medal was created to recognize outstanding achievements in bridge engineering demonstrating technical and material innovation, aesthetic merit, harmony with their environment and successful community participation—all of which are embodied by the Golden Gate Bridge.





Clark Joins Ferry Division

Captain David B. Clark was selected as the new Deputy General Manager, Ferry Division in February 2000 and took over the helm from retiring Ferry Manager Carl Harrington. Clark brings twenty-five years of marine operations and fleet management expertise, along with extensive experience coordinating with local, regional, state and federal authorities in planning and implementing new marine transportation ventures. His vision for quality in service and customer interaction is already felt throughout the Ferry Division.

Ferry & Bus Programs

Second Catamaran

In summer 2000, Nichols Bros. Boat Builders, Inc., Washington began construction of a high-speed catamaran which will be ready for service between Larkspur and San Francisco by fall 2001. The catamaran is our second high-speed ferry and will have a larger passenger capacity than our first catamaran, *M.V. Del Norte*.

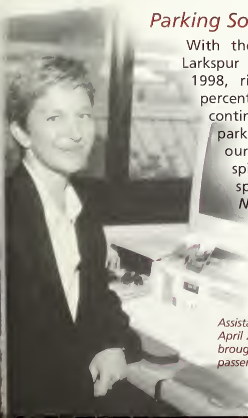
A second catamaran means even better service to our customers through the operation of more frequent fast-ferry trips during the commute periods. With the second catamaran servicing Larkspur, Golden Gate Ferry will deploy one of the original three Larkspur Spaulding vessels to replace the aging *M.V. Golden Gate*, which operates between Sausalito and San Francisco.

Parking Solutions

With the addition of the first Larkspur catamaran in September 1998, ridership jumped by 32 percent in the first year and has continued to rise. As a result, parking has become one of our greatest challenges in spite of the addition of 180 spaces prior to the *Del Norte's* arrival.

An internal parking task force was created to identify and implement solutions. In November 1999, the Guaranteed Boarding Program was instituted to ensure ferry customers using our network of free shuttle buses were guaranteed passage on peak commute departures. In April 2000, customers were offered a nearby "overflow" parking location adjacent to the terminal at the Marin Airporter. In May 2000, 18 high occupancy vehicle parking spaces were established. And in June 2000, a nearby park and ride lot was added as a bus-to-ferry link.

Next year's focus will be to commission a comprehensive study of a variety of long term parking solutions including: realigning the existing network of free ferry shuttles, identifying additional satellite parking locations, evaluating the feasibility of a parking structure as well as improvements to the current parking lot.



Assistant Planner Pascale Soumoy, April 2000 Employee of the Month, brought new life to our transit passenger advisory committees.

Ferry Terminal Assistant James Milton, November 1999 Employee of the Month, continues to prove himself as one who is always ready to pitch in and help.

Pacific Bell Park Service

With the opening of San Francisco's new downtown Pacific Bell Park Baseball Stadium in March 2000, special ferry service between Larkspur and the Giants' new docking facility located just outside center field was inaugurated. North Bay baseball fans embraced this new service quickly with boats filling to capacity. During the first season, 83,731 customers, averaging 540 per crossing, took advantage of the new service. With this service in place, there's no better way to go to a ball game—Go Giants!

Ferry Operations Supervisor Lincoln Borba, Employee of the Year, demonstrated exemplary supervisory skills when performing his myriad of duties.

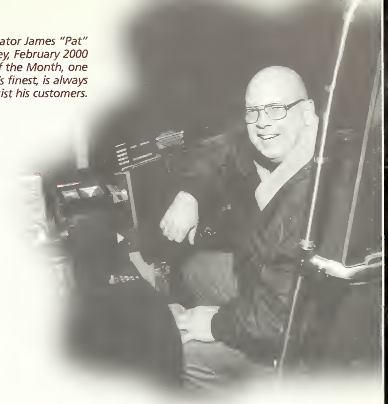
Improved Customer Service

Improving customer service is a chief priority. We have created new programs that provide customer input opportunities and improved access to current ferry information.

- Terminal queuing areas are now equipped with customer information centers and on-board customer information centers have been added to each vessel.
- Customers are encouraged to submit feedback via email to ferrycomments@goldengate.org and can register to receive email notification of service adjustments and special events.
- The Ferry Passengers Advisory Committee has been revitalized to provide input on services.

Ferry Terminal Assistant Rene Alvarado, January 2000 Employee of the Month, was a key part in making the Guaranteed Boarding Program a success.

Bus Storekeeper Daniel Kristovich, August 1999 Employee of the Month, improved coordination between the three work shifts.



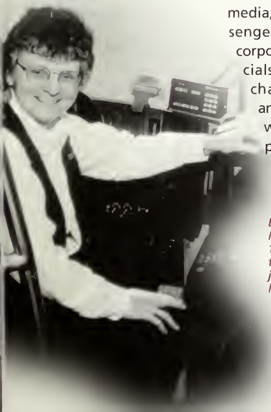
Bus Operator James "Pat" Maloney, February 2000 Employee of the Month, one of GGT's finest, is always ready to assist his customers.

New Buses

Golden Gate Transit (GGT) purchased 14 new, "clean-air," fuel-efficient "commuter special" buses manufactured by Motor Coach Industries (MCI), North Dakota. The MCI's are 45 feet long, up from the fleet standard of 40 feet, and accommodate 57 seated passengers, exceeding the fleet average by 16. They also have two forward-facing wheelchair positions. The arrival of the MCIs brings GGT's active fleet to 264. An additional 14 NovaBUS 40 foot buses are now on order as well.

Bike to Transit

Installation of exterior bike racks was completed on all 40-foot long buses. Up to two bicycles can be securely carried during all hours of operations and at no extra charge. In May 2000, GGT teamed with Marin County Bicycle Coalition to create a "Bike to Transit" education program. Outreach was focused on increasing awareness of GGT's new bike racks and the transportation options available to bicycling commuters. Educational posters and brochures were created. Outreach to various stakeholders including media, bus and ferry passengers, local businesses, corporations, elected officials, schools, libraries, chambers of comerce, and the general public was key to the program's success.



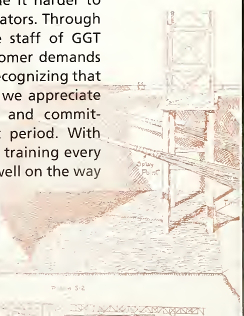
Bus Operator Penny M. Doran, December 1999 Employee of the Month, gets the job done right—and loves doing so.

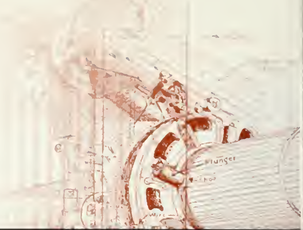
Accessibility

Working with our Advisory Committee on Accessibilty, the District continues to strive to improve the accessibility of our system to all of our customers. With their help, the new bus order will include 14 rear-door lift equipped buses with specific improvements made to increase the convenience and safety of such rear-door operation. Working with interested individuals and groups, GGT is moving further ahead with its accessibility programs.

System Efficiencies

A new automated scheduling system was fully implemented in the past year with a focus on increasing the efficiency of GGT services. At the same time, a strong local economy made it harder to attract and retain bus operators. Through this challenging time, the staff of GGT worked hard to meet customer demands for quality service. While recognizing that we didn't always make it, we appreciate our passengers' patience and commitment during this difficult period. With new drivers coming out of training every couple of months, we are well on the way to full recovery.





Summary of the Fiscal Year

The Golden Gate Bridge, Highway and Transportation District presents the Financial Statements and Supplemental Schedules for the years ended June 30, 2000 and 1999 and Independent Auditors' Report on pages 11 through 24. An overview of the District's operations is shown in the table below.

GOLDEN GATE BRIDGE	2000	1999
Total Vehicle Crossings (southbound and northbound)	42,465,300	41,943,800
GOLDEN GATE TRANSIT		
Bus Passengers	9,530,400	9,367,000
Ferry Passengers	1,857,400	1,670,600
Club Bus Riders	147,100	136,500
FINANCIAL SUMMARY		
Operating Revenues	$85,517,000	$83,396,000
Operating Expenses	105,275,000	103,154,000
Operating Loss	(19,758,000)	(19,758,000)
Non-operating Revenues	17,704,000	17,890,000
Revenues over Expenses	(2,054,000)	(1,868,000)
Amortization of Capital Grants	9,040,000	9,094,000
Excess Revenues Transferred to Equity	6,986,000	7,226,000

Board of Directors

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President

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Marin County
First Vice-President

John J. Moylan
San Francisco
Second Vice-President

Tom Ammiano
San Francisco

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San Francisco

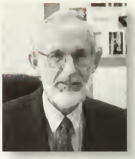
Michael Yaki
San Francisco

Eric A. Ziedrich
Sonoma County

Officers

Celia G. Kupersmith
General Manager

John J. Quigley
Auditor-Controller



Mervin C. Giacomini
District Engineer

David J. Miller
Attorney

Janet S. Tarantino
Secretary of the District

Staff Leadership

Deputy General Managers

Wayne T. Diggs
Bus Division

David B.Clark
Ferry Division

Kary H. Witt
Bridge Division

Department Heads

Tressa Breslin
Human Resources

Mary C. Currie
Public Information

Jerome M. Kuykendall
Planning & Policy Analysis

Linda J. Mitchell
Marketing

Lori A. Murray
District Services

James S. O'Hare
Information Systems

Macias, Gini & Company LLP
Certified Public Accountants

Partners
Kenneth A. Macias
Ernest J. Gini
Kevin J. O'Connell
Richard A. Green

Mt. Diablo Plaza
2175 N. California Boulevard
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Walnut Creek

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The Board of Directors of the
Golden Gate Bridge, Highway
and Transportation District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheet of the Golden Gate Bridge, Highway and Transportation District (the District) as of June 30, 2000, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the District as of and for the year ended June 30, 1999, were audited by other auditors whose report dated October 8, 1999, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of revenues and expenses by division is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Macias, Gini & Company LLP

Certified Public Accountants

Walnut Creek, California
September 8, 2000

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

BALANCE SHEETS

JUNE 30, 2000 AND 1999 (In thousands)

ASSETS	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,625	$ 23,043
Investments	48,320	60,321
Capital and operating grants receivable	211	478
Accounts receivable	3,528	3,051
Maintenance inventories and supplies - at average cost	3,178	2,912
Prepaid expenses	1,111	829
Total current assets	62,973	90,634
LAND	18,026	18,026
PROPERTY AND EQUIPMENT:		
Bridge, related buildings and equipment	154,239	154,705
Bus transit property and equipment	107,667	103,694
Ferry transit property and equipment	64,929	63,549
Rail transit property and equipment	394	394
Accumulated depreciation	(157,025)	(148,717)
Net	170,204	173,625
Construction in progress	81,723	47,652
Property and equipment - net	251,927	221,277
TOTAL ASSETS	$ 332,926	$ 329,937
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade accounts payable	$ 5,321	$ 5,898
Accrued liabilities	1,897	1,115
Unredeemed tickets	835	1,349
Accrued compensated absences	609	471
Contract retentions	1,192	1,175
Self-insurance liabilities	4,037	4,252
Total current liabilities	13,891	14,260
NONCURRENT LIABILITIES:		
Accrued compensated absences	6,301	6,489
Self-insurance liabilities	8,469	9,380
Total noncurrent liabilities	14,770	15,869
Total liabilities	28,661	30,129
EQUITY:		
Capital grant equity	129,040	131,569
Retained earnings	175,225	168,239
Total equity	304,265	299,808
TOTAL LIABILITIES AND EQUITY	$ 332,926	$ 329,937

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,

HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEARS ENDED JUNE 30, 2000 AND 1999 (In thousands)

	2000	1999
OPERATING REVENUES:		
Bridge tolls	$ 59,369	$ 58,453
Transit fares	20,862	19,740
Gift center sales	3,022	2,915
Other operating income	2,264	2,288
Total operating revenues	85,517	83,396
OPERATING EXPENSES:		
Operations	49,927	47,067
Maintenance	21,921	21,409
General and administrative	21,211	22,555
Depreciation	12,216	12,123
Total operating expenses	105,275	103,154
OPERATING LOSS	(19,758)	(19,758)
NONOPERATING REVENUES (EXPENSES):		
Pass-through federal capital assistance:		
Translink assistance	2,643	-
Translink assistance pass-through Metropolitan Transportation Commission	(2,643)	-
Operating assistance:		
State operating assistance	14,593	13,089
Federal operating assistance	115	158
Local operating assistance	(149)	(59)
Total operating assistance	14,559	13,188
Investment income	3,145	4,702
Total nonoperating revenues	17,704	17,890
NET LOSS	(2,054)	(1,868)
DEPRECIATION ON FIXED ASSETS ACQUIRED WITH CAPITAL GRANTS	9,040	9,094
INCREASE IN RETAINED EARNINGS	6,986	7,226
RETAINED EARNINGS, Beginning of year	168,239	161,013
RETAINED EARNINGS, End of year	$ 175,225	$ 168,239

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,

HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2000 AND 1999 (In thousands)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (19,758)	$ (19,758)
Adjustments to reconcile operating loss		
to net cash used in operating activities:		
Depreciation	12,216	12,123
Gain/loss from disposal of property and equipment	20	(4)
Effect of changes in:		
Accounts receivable	(748)	737
Other current assets	(548)	(147)
Trade accounts payable	(577)	961
Self-insurance liabilities	(1,126)	98
Other liabilities	285	(1,184)
Accrued compensated absences	(50)	5
Net cash used in operating activities	(10,286)	(7,169)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	14,615	13,309
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	9,365	3,601
Capital grants disbursed to Metropolitan Transportation Commission	(2,643)	-
Property additions:		
Bridge	(33,307)	(20,395)
Bus	(6,144)	(1,299)
Ferry	(3,435)	(2,799)
Rail	-	(13)
Net cash used by capital and related financing activities	(36,164)	(20,905)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investment securities	12,001	354
Investment income received	3,416	3,723
Net cash provided by investing activities	15,417	4,077
NET DECREASE IN CASH AND EQUIVALENTS	(16,418)	(10,688)
CASH AND EQUIVALENTS, Beginning of year	23,043	33,731
CASH AND EQUIVALENTS, End of year	$ 6,625	$ 23,043

See accompanying notes to the financial statements.

(1) ORGANIZATION

The Golden Gate Bridge, Highway and Transportation District (the "District") is a political subdivision of the State of California created by the legislature in 1923 and subject to regulation under the Bridge and Highway District Act, as amended. The District operates the Golden Gate Bridge, operates bus service primarily in Marin, San Francisco and Sonoma counties and operates ferry service between Marin and San Francisco counties. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and certain counties within the District. The District is composed of five divisions including the District Division, the Bridge Division, the Bus Division, the Ferry Division and the Rail Division. The District Division has no revenues and all its expenses are allocated to general and administrative expenses of the other Divisions (see Note 11).

(2) SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The District's reporting entity includes all activities of the District.

Basis of Accounting - The District is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The District has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents - The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (see Note 3).

Investments - are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (see Note 3).

Property and equipment is recorded at cost; related capital grants are recorded as capital grant equity. Depreciation on assets acquired with capital grants is included in the statement of revenues and expenses and is transferred to contributed capital. Major additions and replacements are capitalized. Maintenance, repairs and additions of a minor nature are expensed as incurred.

The costs of acquisition and construction of equipment and facilities are recorded in construction in progress until such assets are completed and placed in service, at which time the District commences recording depreciation expense.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Bridge structural components	100 years
Bridge buildings, toll plaza structure, deck and approach roadways and sidewalks	50 years
Buses	12 years
Ferry boats	40 years
Other transit property	5 – 40 years

Construction in progress consists of the following projects at June 30, 2000 and 1999 (in thousands):

	2000	1999
Bridge seismic retrofit	$70,125	$43,134
Bridge toll collection system	5,979	352
Ferry fuel system replacement	2,253	2,015
Ferry replacement	1,771	-
Other	1,595	2,151
Total construction in progress	$81,723	$47,652

At June 30, 2000 and 1999, the District had commitments of approximately $11,265,000 and $17,113,000, respectively, for bridge-related projects and approximately $12,513,000 and $6,094,000, respectively, for transit equipment and other projects. On August 11, 1999, the District entered into a $22 million contract agreement with an engineering contractor related to the bridge seismic retrofit project.

Operating assistance grants are recorded as revenue when earned.

Pension Plans - The District participates in several pension plans covering all employees. Certain union members are covered under single employer or multi-employer plans while other union and nonunion employees participate in the State of California's Public Employees' Retirement System. Pension contributions are based on rates established by negotiated labor contracts or by the actual plans. The District's policy is to fund pension costs as accrued (see Note 6).

Compensated Absences – Accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue to employees.

Postretirement Health Care Benefits - The District provides postretirement health care benefits to certain employees and their dependents. The District recognizes the expense for such costs on a pay-as-you-go basis (see Note 7).

Use of Estimates – The District's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Reclassification – Certain 1999 amounts have been reclassified to conform with the 2000 presentation.

(3) CASH AND INVESTMENTS

The District maintains cash and investments that are available for general use (subject to prior Board designations, see Note 10).

Cash and Deposits - At June 30, 2000 and 1999, the District's cash on hand was $524,000 and $398,000, respectively. At June 30, 2000 (and 1999), the carrying amount of the District's deposits was $202,000 (1999, $254,000). The corresponding bank balance was $1,658,000 (1999, $1,865,000). Of the bank balance, $104,000 (1999, $300,000) was covered by federal depository insurance, $1,191,000 (1999, $1,565,000) was covered by collateral held in the pledging bank's trust department or by the agent in the District's name, and $363,000 was uninsured and uncollaterized. In addition, at June 30, 2000 the non-negotiable certificates of deposits in the amount of $1,083,000 was covered by federal depository insurance.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The District may waive collateral requirements for deposits that are fully insured up to $100,000 by federal depository insurance.

Investments – Statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, and the state treasurer's investment pool. The District entered into no reverse repurchase agreements during the years ended June 30, 2000 and 1999.

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at June 30, 2000 and 1999. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District had only Category 1 investments at June 30, 2000 and 1999.

As of June 30, 2000 and 1999, the District's investment in the state treasurer's investment pool (LAIF) is $0 and $20,000,000, respectively. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

At June 30, 2000 and 1999 cash and investments were comprised of the following (in thousands):

	2000	1999
Federal agency obligations	$43,206	$43,862
Municipal bonds	8,430	9,666
Corporate commercial paper	1,500	1,995
Total Category 1 Investments	53,136	55,523
Cash on hand	524	398
Demand deposits	202	254
Non-negotiable certificates of deposit	1,083	7,189
Investment in state treasurer's investment pool	-	20,000
Total	$54,945	$83,364
Reported as:		
Cash and equivalents	$6,625	$23,043
Investments	48,320	60,321
Total	$54,945	$83,364

(4) CAPITAL GRANTS

The District has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the District's buses, ferries and transit facilities. The District also has contracts with CalTrans for State Transit Assistance funds which are used either to match Federal Transit Administration grants or to fund transit improvement projects. These grants less related depreciation are included in capital grant equity. Changes in capital grant equity by Division for the years ended June 30, 2000 and 1999 are as follows (in thousands):

Capital Grant Equity	Bridge Division	Bus Division	Ferry Division	Rail Division	Total
Total June 30, 1998	$ 49,902	$ 51,897	$ 24,948	$ 10,900	$ 137,647
Additions in fiscal 1999:					
U.S. Department of Transportation	-	1,164	1,325	-	2,489
State Transit Assistance	-	176	351	-	527
Total additions	-	1,340	1,676	-	3,016
Depreciation on fixed assets acquired with capital grants	(1,208)	(6,461)	(1,425)	-	(9,094)
Total June 30, 1999	48,694	46,776	25,199	10,900	131,569
Additions in fiscal 2000:					
U.S. Department of Transportation	20	4,847	421	-	5,288
State Transit Assistance	-	1,115	108	-	1,223
Total additions	20	5,962	529	-	6,511
Transfers	351	(339)	(12)	-	-
Depreciation on fixed assets acquired with capital grants	(1,197)	(6,379)	(1,464)	-	(9,040)
Total June 30, 2000	$ 47,868	$ 46,020	$ 24,252	$ 10,900	$ 129,040

The District passed-through its federal capital assistance allocation of $2,643,000 for the year ended June 30, 2000 to the Metropolitan Transportation Commission (MTC) for the Translink Project. The Translink Project is expected to be completed in fiscal year 2002. This amount was recognized as nonoperating revenue and expense in the financial statements.

(5) OPERATING ASSISTANCE

The District receives operating assistance from various federal, state and local sources. Transportation Development Act funds are received from the state through Marin and Sonoma Counties to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission ("MTC"). Federal funds are distributed to the District by the Federal Transit Administration after approval by MTC. The District also receives Marin County Transit local funds and other amounts of assistance from other state agencies. Operating assistance is summarized as follows for the years ended June 30, 2000 and 1999 (in thousands):

	2000	1999
Transportation Development Act	$12,345	$11,479
Federal Transit Administration	115	158
State Transit Assistance	2,103	1,362
Marin County Transit local funds	(149)	(124)
CalTrans	145	164
Air Quality Management Board	-	65
FEMA/OES	-	84
Total	$14,559	$13,188

(6) PENSION PLANS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description - All permanent District employees (except bus and ferry operators and deckhands) are eligible to

participate in the Public Employees' Retirement Fund (the "Fund") of the State of California's Public Employees' Retirement System ("CALPERS"). The Fund is an agent multi-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and average of three highest years' compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established by state statute. Copies of the Fund's annual financial report may be obtained from CALPERS' executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - Active plan members in the CALPERS are required to contribute 7.0% of their annual covered salary. In addition, the District is required to contribute at an actuarially determined rate. Based on the actuarial valuation as of June 30, 1997 and 1996, there are no projected contribution required for fiscal years 2000 and 1999, respectively. The contribution requirements of plan members and the District are established by State statute and the employer contribution rate is established and may be amended by CALPERS.

Annual Pension Cost - For fiscal years ending June 30, 1999 and 2000, the District's employer actual annual pension costs for CALPERS is zero. The required contribution was determined as part of the June 30, 1997 actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of CALPERS assets was determined using techniques that smoothes the effects of short-term volatility in the market value of investments over a 3-year period. CALPERS unfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2000 is 8 years for all surplus.

Funding progress information for the District for 1999 and 2000 is unavailable as of the date of this report.

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Excess Assets	Funded Ratio	Annual Covered Payroll	Excess Assets as a % of Payroll
6/30/96	$103,981	$103,140	$841	100.8%	$26,458	3.2%
6/30/97	119,992	108,693	11,299	110.4%	26,880	42.0%
6/30/98	141,800	115,509	26,291	122.8%	27,147	96.8%

GOLDEN GATE TRANSIT - AMALGAMATED RETIREMENT PLAN

Plan Description - The District's bus operators participate in the Golden Gate Transit - Amalgamated Retirement Plan ("GGT-ARP"), a single employer defined benefit pension plan funded by the District and administered by a Board of Trustees consisting of District and union representatives. This plan provides retirement, disability and death benefits based on employees' age, years of service, and average compensation. Employees may receive normal retirement benefits based on a predetermined formula. Copies of the GGT-ARP's annual financial report may be obtained from the District.

Funding Policy - The District's contribution to the Plan is a result of collective bargaining. In 1998 and through July 22, 1999, the contribution rate was 15.165% of eligible earnings. After July 22, 1999, the District was not required to make contributions to GGT-ARP. If the plan actuary determines at the end of any plan year that the actuarial value is less than 105% of the actuarial liability, then the District's contribution for the plan year will be 15.165%. Additionally, the District's contribution will return to 15.165% effective December 31, 2004, unless the District and the union agree otherwise. There is no provision for employee contributions.

Annual Pension Cost - For the fiscal years ended June 30, 2000 and 1999, the District's annual pension cost for the GGT-ARP was equal to the negotiated contribution amount and actuarially required contribution. The actuarial cost method for determining the annual pension cost was the entry age normal cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of investment expenses), (b) projected 6.0% of annual salary increases that includes a 1.0% increase for seniority wage increases.

The actuarial value of assets was determined using a method that smoothes the effects of short term volatility in the market value of investments by recognizing one-third of the difference between the expected actuarial value of assets and the market value of assets.

The District's funding progress information as of January 1, 2000 is illustrated as follows:

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Surplus	Funded Ratio	Annual Covered Payroll	Surplus as a % of Payroll
1/1/98	$80,710	$61,959	$18,751	130%	$16,793	112%
1/1/99	93,554	75,613	17,941	124%	17,557	102%
1/1/00	110,401	80,190	30,211	138%	17,901	169%

Actuarially Determined Contributions Required and Contributions Made - The District's contributions to GGT-ARP for the years ended June 30, 2000, 1999 and 1998 are the result of collective bargaining. The total pension expense and funded contribution were $189,000, $2,460,000 and $1,763,000 for the years ended June 30, 2000, 1999 and 1998, respectively (15.2%, 15.2% and 11.4% of current covered payroll of $1,244,000, $16,223,000 and $15,475,000 for 2000, 1999 and 1998, respectively).

OTHER RETIREMENT PLANS

The District's ferry operators and deckhands participate in the Inlandboatmen's Union of the Pacific National Pension Plan ("Inlandboatmen's") or the MEBA Towboat Operators Pension Trust ("MEBA"). Inlandboatmen's and MEBA are union-administered cost-sharing multiple-employer defined benefit pension plans in which the District is a participant. Pension expense for the Inlandboatmen's plan was $149,000 and $143,000 for the years ended June 30, 2000 and 1999, respectively. The District contributed to Inlandboatmen's 6.8% and 7% of payroll for covered employees for the years ended June 30, 2000 and 1999, respectively. The District's covered payroll for employees participating in this plan was $2,182,000 and $2,057,000 for the years ended June 30, 2000 and 1999, respectively. Pension expense for the MEBA plan was $95,000 and $95,000 for the years ended June 30, 2000 and 1999, respectively. The District contributed to MEBA 8.1% and 9% of payroll for covered employees for the years ended June 30, 2000 and 1999, respectively. The District's covered payroll for employees participating in this plan was $1,168,000 and $1,063,000 for the years ended June 30, 2000 and 1999, respectively.

(7) POSTRETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 6, the District provides postretirement health care benefits. The benefits are provided to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. For those employees age 55 with at least 15 years of service, survivor and dependent care benefits are also received. If the employee began employment at the District prior to January 1, 1983, the benefits are provided on or after attaining age 50 with at least 5 years of service. Currently 549 retirees meet the eligibility requirements. Most employees pay $45.50 per month of medical, dental and hospitalization costs incurred by pre-Medicare retirees and the District pays the remainder. The District also supplements Medicare payments for retirees and their dependents eligible for Medicare. Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. Postretirement health care benefits expense was $2,084,000 for the year ended June 30, 2000.

(8) SELF INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; natural disasters; employee, retiree and dependent health benefits. The District is self-insured for its general liability, workers' compensation, auto liability and public transportation liabilities. The District has set aside for claim settlements associated with the above risks of loss up to certain limits. Self-insurance and limits are as follows:

Type of Coverage	Self-Insurance	Excess Coverage
General vehicle liability	$2,000,000 per occurrence	$75,000,000
Workers' compensation	$350,000 per claim	Statutory limits excess of self insurance
Health benefits	$100,000 per individual	Stop loss above $100,000
Northwestern Pacific Railroad Right of Way property	$10,000 per occurrence	$1,000,000 per occurrence/annual aggregate
Boiler and machinery	$500 per accident	$1,000,000 per occurrence
Property (earthquake/flood)	$10,000 per occurrence, 5% per structure	$35,000,000 per occurrence/annual aggregate
Property (bridge structure)	$15,000,000 per occurrence	$125,000,000 per occurrence/annual aggregate
Bridge use and occupancy	30 days	$25,000,000 per occurrence
Marine	$250,000 annual aggregate	$1,000,000 per occurrence
Crime and dishonesty	$25,000 per occurrence	$1,000,000 per occurrence/annual aggregate
Public officials liability	$25,000 per occurrence	$3,000,000 per occurrence/annual aggregate

All property is insured at full replacement value. To date, there have been no significant reductions in any of the District's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the last three years.

The claims liabilities are based on the results of estimated losses and claim adjustment expenses associated with future likely activity on incurred claims based on historical actual results that establish a reliable pattern. Claims liabilities are calculated considering the effects of recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors, including adjustment for incremental legal expenses and other allocated claim expenses.

Changes in the balances of claims liabilities for the years ended June 30, 2000 and 1999 are as follows (in thousands):

	2000	1999
Self-insurance liabilities, beginning of fiscal year	$13,632	$13,534
Incurred claims and changes in estimates	3,057	4,244
Claim payments and related costs	(4,183)	(4,146)
Total self-insured claims liabilities	12,506	13,632
Less current portion	(4,037)	(4,252)
Non-current portion	$8,469	$9,380

(9) RELATED PARTY TRANSACTIONS

Northwestern Pacific Railroad Authority - The District entered into a joint powers agreement creating the Northwestern Pacific Railroad Authority ("NWPRA"), to obtain and hold title to land necessary to complete the Northwestern Right of Way project. The members of NWPRA are the District, the Northern California Railroad Authority ("NCRA") and the County of Marin. The Board of the NWPRA is comprised of seven members; two appointed by the Board of Supervisors of Marin County, two appointed by the Board of NCRA and three appointed by the

District. The NWPRA does not operate the right-of-way railroad, but does own, maintain and permit rail operations by third parties. Any debt of the NWPRA is not the debt of the members of NWPRA. The NWPRA completed the purchase of the right of way on April 29, 1996 which consisted of the Healdsburg and Lombard segments.

The District has been appointed managing agency for the NWPRA and provides administrative personnel and facilities. The District was reimbursed for such services in fiscal year 2000 in the amount of $212,000. The District has total receivables from NWPRA of $74,440 at June 30, 2000 for advances for administrative support.

Summary financial information for NWPRA is as follows (in thousands):

	2000	1999
As of June 30:		
Total assets	$23,373	$23,581
Total liabilities	333	266
Equity	$23,040	$23,315
For the years ended June 30,		
Operating revenues	$192	$459
Operating expenses	475	540
Operating loss	(283)	(81)
Investment income	8	9
Excess of expenses over revenues	(275)	(72)
Depreciation on fixed assets acquired with capital grants	97	97
Net income (loss)	($178)	$25

(10) DESIGNATION OF DISTRICT FUNDS

The Board of Directors has designated portions of the District's available funds for seismic retrofit, other capital projects and possible emergencies.

An analysis of District available funds at June 30, 2000 and 1999 follows (in thousands):

Schedule of District Available Funds	2000	1999
District current assets (net of current liabilities)	$49,082	$76,374
Deduct:		
Maintenance inventories and supplies	(3,178)	(2,912)
Prepaid expenses	(1,111)	(829)
Total	$44,793	$72,633

Schedule of District Designated and Nondesignated Available Funds	2000	1999
District designated fund:		
Seismic retrofit project	$4,639	$17,800
Bridge capital projects	2,092	6,636
Insurance claims	4,670	6,933
Workers' compensation claims	1,572	1,572
Emergencies	5,000	5,000
Operations	2,000	2,000
Museum fund	5,339	4,357
Visitor improvement fund	664	586
Ferry capital projects	1,910	3,367

Future capital projects	4,328	4,328
Bus capital projects	1,706	11,064
Medical cost containment	533	502
Railroad capital projects	363	291
District capital projects	671	965
Directors fund	59	59
Total District designated funds	35,546	65,460
Undesignated funds available	9,247	7,173
Total	$44,793	$72,633

(11) ALLOCATION OF DISTRICT DIVISION EXPENSE

For the years ended June 30, 2000 and 1999, District Division expense has been allocated to the operating divisions (included in general and administrative expenses) by resolution of the Board of Directors as follows (in thousands):

	2000	1999
Bridge	$6,463	$6,250
Bus	5,355	5,085
Ferry	1,552	1,489
Rail	14	13
Total	$13,384	$12,837

(12) ENVIRONMENTAL REMEDIATION

During 1992, the District discovered lead contamination in the soil beneath the north and south approaches to the Bridge. The District entered into a Voluntary Cleanup Agreement (VCA) with the State of California Department of Toxic Substances Control to effect a Remedial Action Plan for the first phase of a two-phased cleanup program and a Remedial Investigation (RI) for the second phase. The District has completed the Phase I cleanup under the VCA and has expensed approximately $6.5 million for that work. The VCA requires that the District complete a RI of the phase 2 areas, but does not require the District to actually complete the remediation. It is likely that remediation will be required under Phase II, however, the VCA identifies two other Potential Responsible Parties, the National Park Service and the U.S. Army, who will likely be required to share in any costs associated with the Phase II remediation. Because the RI has not been completed in these areas, it is not possible at this time to determine any potential cleanup costs for Phase II, and what the District's share of those costs might be.

(13) SUBSEQUENT EVENT

On July 1, 2000, the District is authorized to issue commercial paper notes in Series A and Series B up to $35,000,000 each series. The commercial paper notes will provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes will be secured by a pledge of the District's revenues and additionally secured by a line of credit. Under this program, the District is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. The District issued $61,000,000 of commercial paper notes on July 12, 2000 with terms of 20 to 131 days and interest rates ranging from 3.55% to 3.75%.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION
YEARS ENDED JUNE 30, 2000 AND 1999 (In thousands)

	Total		Bridge Division		Bus Division		Ferry Division		Rail Division	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
OPERATING REVENUES:										
Bridge tolls	$59,369	$58,453	$59,369	$58,453	$ -	$ -	$ -	$ -	$ -	$ -
Transit fares	20,862	19,740	-	-	15,525	15,238	5,337	4,502	-	-
Gift center sales	3,022	2,915	3,022	2,915	-	-	-	-	-	-
Other operating income	2,264	2,288	362	336	1,581	1,489	249	260	72	203
Total operating revenues	85,517	83,396	62,753	61,704	17,106	16,727	5,586	4,762	72	203
OPERATING EXPENSES:										
Operations	49,927	47,067	9,155	8,642	32,118	30,775	8,654	7,650	-	-
Maintenance	21,921	21,409	9,366	8,966	9,733	9,461	2,732	2,886	90	96
General and administrative	21,211	22,555	8,809	11,018	8,954	8,307	3,448	3,230	-	-
Depreciation	12,216	12,123	3,106	3,078	6,914	6,986	2,167	2,030	29	29
Total operating expenses	105,275	103,154	30,436	31,704	57,719	55,529	17,001	15,796	119	125
OPERATING LOSS	(19,758)	(19,758)	32,317	30,000	(40,613)	(38,802)	(11,415)	(11,034)	(47)	78
NONOPERATING REVENUES (EXPENSES):										
Operating assistance:										
State operating assistance	14,593	13,089	145	248	11,996	10,670	2,452	2,171	-	-
Federal operating assistance	115	158	-	-	104	137	11	21	-	-
Local operating assistance	(149)	(59)	-	-	(151)	(113)	-	64	2	(10)
Total operating assistance	14,559	13,188	145	248	11,949	10,694	2,463	2,256	2	(10)
Investment income	3,145	4,702	3,145	4,702	-	-	-	-	-	-
Total nonoperating revenues	17,704	17,890	3,290	4,950	11,949	10,694	2,463	2,256	2	(10)
NET INCOME (LOSS)	(2,054)	(1,868)	35,607	34,950	(28,664)	(28,108)	(8,952)	(8,778)	(45)	68
DEPRECIATION ON FIXED ASSETS ACQUIRED WITH CAPITAL GRANTS	9,040	9,094	1,197	1,209	6,379	6,461	1,464	1,424	-	-
EXCESS REVENUES TRANSFERRED TO EQUITY	$ 6,986	$ 7,226	$ 36,804	$ 36,159	$ (22,285)	$(21,647)	$ (7,488)	$ (7,354)	$ (45)	$ 68



GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

www.goldengate.org

BOX 9000, PRESIDIO STATION, SAN FRANCISCO, CALIFORNIA 94129

2000/2001

Golden Gate Bridge, Highway and Transportation District

ANNUAL REPORT

FROM THE PRESIDENT

When I began my term as President of the Board of Directors in January 2001, the Board of Directors and Executive Management Team of the Golden Gate Bridge, Highway and Transportation District (District) had recently begun forging a comprehensive strategic plan to guide us through our financial and operating challenges for the next five years. The result was 10 distinctive and critical goals aimed at enhancing this world-class organization:

- *Enhance the structural integrity of the Golden Gate Bridge.*
- *Implement new technologies to improve productivity, efficiency, and customer service.*
- *Increase revenue generating and cost saving opportunities.*
- *Enhance bus transit system operating efficiencies.*
- *Enhance ferry transit system operating efficiencies.*
- *Enhance Bridge safety and operating efficiencies.*
- *Increase staff productivity and retention through training and development.*
- *Improve public perception and understanding of the District.*
- *Improve the quality of customer service.*
- *Improve District facilities.*

The resulting strategic goals now provide a definitive blueprint for the future—a plan for achievement that is already bringing success. The goal to enhance the structural integrity of the Bridge is successfully underway with our seismic retrofit project. As for implementing new technologies, FasTrak™ is the most shining example, and the installation of a more efficient comprehensive Districtwide financial management system is now well underway. Cost saving efforts in progress include focusing on reducing workers' compensation claims to gain substantial savings, maintaining full bus operator staffing to decrease overtime, and eliminating redundancies across departments. To increase revenue, a new bus shelter advertising program has been introduced and we are looking at ways to increase income from concessions aboard ferries and our bus advertising program.

To meet these goals, there is a new energy, vision, and enthusiasm at the Board level. With 8 of 19 Board members new to the District this year, a balance of institutional knowledge and fresh ideas has been achieved that will lead this organization forward into the future. The Board also revitalized its management team by hiring two outstanding new officers: Denis J. Mulligan joined us as District Engineer, replacing retiring Mervin Giacomini, and Joseph M. Wire replaced retiring John Quigley as our Auditor-Controller.

On a personal note, I want to recognize the very special contributions made by an exceptional Board member—Stephan C. Leonoudakis, who retired after 38 years of service to this District. His original initiative guided our way into the bus and ferry transit business, making the District the excellent transportation system it is today. Bringing ferries back to the San Francisco Bay remains his legacy, and we can all enjoy this benefit for many years to come. To honor his efforts and commitment to public transit, the Golden Gate San Francisco Ferry Terminal was dedicated as the Stephan C. Leonoudakis Ferry Terminal in August 2001.

As the District moves into the future, I look forward to working with the Board and its entire staff as we face new challenges. I am confident that together we will build on the strategic planning and accomplishments of this past year to meet the challenges of the years ahead.

Board President **Harold (Hal) C. Brown, Jr.**

FROM THE GENERAL MANAGER

Reflecting on my two plus years as the General Manager and Chief Executive Officer of this exceptional organization, I continue to be invigorated by my charge to face each challenge with a call for excellence from superlative staff who are poised to achieve success in the future. With this group of more than 900 strong, we achieved significant results throughout the organization.

Under the leadership of Board President Hal Brown, the Board of Directors has forged a set of strategic goals. We introduced a new District logo highlighting the magnificent image of the Golden Gate Bridge, bathed in sunlight against blue sky, demonstrating the strength and dependability of our organization (shown below and on back cover). Both of these accomplishments serve as the foundation for a unified future across all three operating divisions—Bridge, Bus and Ferry—along with our Administrative Division. We are now more strongly positioned to concentrate our limited financial and staff resources in areas that will accomplish the organization's goals with the greatest efficiency.

This year our many achievements include improving our customer service focus, initiating FasTrak electronic toll collection, reaching major seismic retrofit construction milestones, expanding our bus and ferry fleets, and securing grant funds sufficient enough to complete the $157 million second phase of seismic construction.

Our success is due, in part, to the vitality of our reorganized management structure, which creates a more streamlined Executive Team and improves the overall effectiveness of District functions. This year, I hired two exceptional new team members. Susan C. Chiaroni was appointed Deputy General Manager, Bus Division and Teri W. Mantony was selected as Deputy General Manager for the newly created Administration/Development Division overseeing the functions of Graphics, Human Resources, Information Technology, Marketing, Planning, and Public Information as they support the Bridge, Bus, and Ferry Divisions. The blend of new managers, coupled with the knowledge base of tenured staff throughout the District brings energy and fresh ideas to this changing organization.

Several projects received special recognition this year. We earned a first place in the AdWheel Awards Competition from the American Public Transportation Association (APTA) for Marketing's employee recruitment campaign, and together with the San Francisco Bay Area Rapid Transit District (BART) we were recognized with the Metropolitan Transportation Commission (MTC) Award of Merit for a successful Pacific Bell Park Transit Campaign. Also this year, the American Public Works Association named the Golden Gate Bridge as one of the 10 most outstanding public works projects of the 20th Century.

As I look to the future, I am grateful for the loyal customers we serve, for the supportive citizens who keep us going, and for our exceptionally talented and dedicated staff. They will provide the strength and skill we need to forge a path to our goals.

General Manager **Celia G. Kupersmith**

GOLDEN GATE BRIDGE SM
HIGHWAY & TRANSPORTATION DISTRICT

To appreciate the impact of our new logo, view it in color on the back cover of this report.

Securing the Bridge for Earthquakes

Bridge Painter **John Rodriguez**, February 2001 Employee of the Month, is not only a skilled painter but lends a helping hand to others in need.

The three-phase, $388 million seismic retrofit construction project that began in late 1997 is designed to make the Golden Gate Bridge capable of withstanding a maximum credible earthquake of 8.3 magnitude. Funding this extensive project remains the primary focal point of the District, as the structural integrity of the Bridge is our number one priority.

When the first construction phase winds up in December 2001, at a cost of $71 million, the five individual spans of the Bridge's 1,080-foot-long north approach viaduct will be linked together to move as one during an earthquake. Below the viaduct span are five new support towers that are 10 times stronger than the original support towers, sitting on new foundations that are larger and more stalwart. Also, new expansion joints and isolation bearings have been installed to dissipate earthquake energy more effectively.

Phase two construction, designed to safeguard the south approach viaduct, started in June 2001. The $157 million project will include retrofitting the Fort Point arch, south approach viaduct, and south anchorage. Federal and state funds will finance the work, which will be completed in late 2004.

The $160 million third construction phase will retrofit the main span and we are preparing to go to bid as soon as funding is identified.

Customer Convenience Takes the Lead

Bridge Officer **Gloria Alcantar**, September 2000 Employee of the Month, greets customers with a smile made easier by FasTrak.

When the Golden Gate Bridge initiated FasTrak electronic toll collection service on July 13, 2000, customers rapidly embraced its convenience. FasTrak allows customers to prepay an account and then pay tolls electronically, without having to stop, using a small electronic transponder mounted on the inside of their vehicle windshield. FasTrak is accepted on the Golden Gate Bridge as well as the other Bay Area bridges operated by the California Department of Transportation (Caltrans) and several toll facilities in southern California.

By September 2000, after just three months, 20 percent of traffic was using FasTrak and the first toll lane dedicated to FasTrak users only was opened. Dedicated FasTrak only lanes are capable of processing up to 1,200 customers an hour, twice the rate of a staffed toll lane. By February 2001, the FasTrak market share had grown to 35 percent with 66,000 transponders issued. By the end of the first year, over 83,000 transponders had been issued and four FasTrak only toll lanes were available for the morning commute.

The public's overwhelming acceptance of FasTrak has all but eliminated the morning backups, giving commuters an extra 15 to 20 minutes every day. While the savings gained through FasTrak offset the costs to install and operate the new technology, the rapid FasTrak growth, with its 33 cent toll discount, created a negative impact on toll revenue. Prior to FasTrak, 35 percent of toll transactions were made with discount tickets. Once the FasTrak market share surpassed 35 percent, toll revenue was lost for every additional discount crossing. Following a public hearing process, the $2.67 discount toll was eliminated on July 1, 2001 and the FasTrak toll rate for two-axle vehicles set at $3.00. This has not dampened enthusiasm for FasTrak, which continues to gain new customers at the rate of about 1,000 per month.

Retensioning of Tie-Down Cable Bolts – A First

For 64 years, the Bridge's two 7,650-foot-long main cables have been draped over the massive steel saddles at the top of each 746-foot-tall tower supporting the entire Bridge structure. Being one of the most critical structural elements of the Bridge, the main cables are inspected regularly to ensure their continued structural integrity.

This year, for the first time since construction of the Bridge was completed in 1937, the huge bolts on the main cable tie-down castings were retensioned. The cable tie-downs, located in the massive concrete pylons at the ends of the suspension span, hold the main cables in a fixed position to prevent vertical motion where the suspended span meets the approach viaducts. Proper functioning of the tie-downs depends on the clamping force of the cable bands, which in turn is dependent on adequate cable band bolt tension. In all, 256 bolts, 2-1/8 inches in diameter and 3 feet long, were hydraulically retensioned to their original specification of 92,000 pounds and bolts that had corroded over time were replaced. This project was completed by District work forces.

Electrician **George Galvan**, June 2001 Employee of the Month, goes out of his way to assist coworkers in solving auto, electrical and mechanical problems at the Bridge.

District forces also completed cleaning and painting of the main cables under the roadway from the tie-down pylons to the anchor blocks, pioneering the use of a new high-tech coating system. As a result of the District paint crew's success with this new coating system, it will be used for the complete recoating of the main cables above the roadway, which is scheduled to begin in 2002.

Public Safety Railing

Ensuring the safety of the Golden Gate Bridge for motorists, pedestrians, and cyclists alike is vital. To this end, a safety railing is now being fabricated and will be installed between the roadway and sidewalks on both sides of the Bridge. The 4-1/2-foot-high railing is carefully designed so it will not adversely affect the historic architecture of the Bridge, obscure its famous views, or impact its wind stability. The $5.1 million contract was awarded in August 2001 with installation scheduled for 2002.

Doyle Drive Planning

When the Golden Gate Bridge opened in 1937, Doyle Drive was a new elevated roadway over San Francisco's Presidio and specially built to provide access between the Bridge and the streets of San Francisco. Doyle Drive is owned and operated by Caltrans. Today, in an effort to improve traffic safety, the San Francisco County Transportation Authority (SFCTA) is coordinating the Doyle Drive Environmental and Design Study. This study examines the environmental impact of several alternatives to improve the 1.5-mile-long roadway, which include options to widen the roadway by replacement or to create long or short replacement tunnels. The District is working with Caltrans and SFCTA to ensure the final alternative design is coordinated with operation of the Bridge and its approaches. The next step is completion of a Draft Environmental Impact Statement in spring 2002, which will detail the design alternatives and their impacts.

Administrative Receptionist **Margo DeCook**, August 2000 Employee of the Month, excels as the District's friendly ambassador, giving a warm welcome to everyone entering the Toll Plaza Administration Building.

New Coaches Hit the Road

In March 2001, Golden Gate Transit (GGT) received 14 new 40-foot buses manufactured by NovaBUS Corp. of Roswell, New Mexico. These buses seat 39 passengers with two forward-facing wheelchair positions. The state-of-the-art coaches demonstrate improved safety features and next generation diesel engines with exhaust recirculation technology that reduces emissions and increases fuel efficiency. Their interiors boast microprocessor maintained temperature controls and each has an ergonomically designed driver's seat that allows adjustments for weight and height. Interior safety features include improved tie-downs for wheelchair security, while exterior safety features include brighter lights that can be seen more easily in adverse weather conditions. The 14 buses were purchased for $4.6 million, with 81 percent federal and 19 percent District funds. Their arrival brings the active fleet to 268.

Bus Servicer **Michael Richeson**, October 2000 Employee of the Month, pays attention to detail to help keep GGT buses in top condition.

Express Service Key to Congestion Management

Traffic congestion along the heavily traveled Highway 101 corridor continues to rise. To help improve traffic flow, the District embarked on two new innovative express bus service programs. In September 2000, express service for commuters traveling the 60-mile "long-haul" trip between Santa Rosa in Sonoma County and San Francisco was expanded to offer express trips during the morning commute hours. Ridership nearly doubled and buses began consistently running at capacity. In addition, in July 2001, MTC announced that GGT would receive up to $2.6 million in capital funds from Governor Davis's Traffic Congestion Relief Fund Program to purchase six new buses as part of MTC's Regional Express Bus Program. This program will improve congestion along regional traffic corridors by providing express bus service designed to reduce travel times and provide an attractive alternative to driving alone. The new buses, expected to arrive in late 2002, will provide much needed express service between Santa Rosa and major employment centers in Marin County, as well as expanded service between Santa Rosa and San Francisco.

Bus Operator **Ricky Green**, November 2000 Employee of the Month, one of GGT's finest, serves passengers with on time performance and an easy smile as he gets to know them

Service Expansion Builds New Partnerships

In 1993, Route 40 began service providing the final public transit link allowing customers to successfully navigate the entire Bay Area via public transit. The route links the East Bay's Contra Costa County via the Richmond San Rafael Bridge to central Marin County. Ridership immediately exceeded projections and has continued to grow.

In spring 2001, the District was approached with the idea to improve transit service to connect workers living in Contra Costa County with available employment opportunities in Marin County. Public/private partnerships were formed with local businesses and public agencies on both sides of the Bay to help pay for the expanded service. MTC provided a grant through its Low Income Flexible Transportation Program and the grant was matched with funds from GGT, Contra Costa County, City of Richmond, Marin County, BART, Alameda-Contra Costa Transit District (AC Transit) and several Contra Costa County social service agencies. Expanded service began in September 2001 with a route realignment locating bus stops near major Marin County employers and an increase in the hours of operation. Connections to other regional public transit providers were also improved.

Clean Diesel for the Future

In 2000, the California Air Resources Board (CARB) set new clean air regulations giving transit operators two fuel path choices for future bus purchases: clean diesel fuel or clean alternative fuel. After a comprehensive and public evaluation of the two choices, GGT joined most other Bay Area transit operators in selecting the clean-burning diesel path. Grant funding for capital expenditures and public/private partnerships are expected to help finance the capital equipment required for the clean diesel path and to assist GGT in meeting the long-term goal of operating Zero Emissions Buses (ZEB) by the end of 10 years. Work is already underway to develop a ZEB demonstration project in partnership with AC Transit.

New Drivers Join the Team

Thanks to a sustained recruitment and training effort, 37 new bus drivers joined the team this year, up from 19 last year. To rev up recruitment, the Marketing Department created an award-winning campaign featuring the slogan, "Is your career stuck in park? Put it in drive with Golden Gate Transit." As a result of the promotion, the District has established an applicant pool of 300 from which to select new trainees. GGT remains steadfast in keeping staffing levels as close as possible to the authorized 322 full-time bus drivers and 40 part-time bus drivers to minimize service cancellations and overtime.

Bus Operator **Douglas Hauser**, April 2001 Employee of the Month, is known for his helpfulness to customers and an outstanding safe driving record that spans 28 years.

Marin Bus Stop Improvements

Improving bus stop safety and accessibility is an important goal for continued customer satisfaction. In spring 2001, federal and state funds supported a $164,000 project to upgrade several bus stops in Mill Valley, Larkspur, Fairfax and San Rafael.

A Winning Team

Each year the Marketing Department develops inventive ways to promote services and generate revenue. Their talent was recognized in September 2000 when APTA awarded the prestigious "Adwheel Award" to their effective bus driver recruitment campaign. The campaign won in the "Shoestring" category because the entire effort only cost $250.

This year the sale of advertising space on buses and ferry terminal kiosks generated nearly $1 million. To expand the revenue generation program, in March 2001, a contract was awarded for Bus Shelter and Kiosk Advertising. Over 40 bus shelters will be refurbished for display advertising along with 12 kiosks at ferry terminals and GGT transit centers.

Marketing Director **Linda Mitchell**, January 2001 Employee of the Month, directed the award-winning campaign for bus driver recruitment.

Ferry Ridership Climbs

Ferry ridership climbed to a new high of 1,885,618, up from 1,862,151 last year. This increase comes primarily from the addition of our special Larkspur Ferry service to Pacific Bell Park for San Francisco Giants games. With effective marketing and public information, an advanced ticketing system, and customer-friendly alternative parking solutions, Pacific Bell ridership was just under 80,000.

Bus Mechanic **Dennis Koenig**, March 2001 Employee of the Month, goes the "extra mile" in solving problems–sometimes even making parts himself.

New Ferry Arrives

Like a thoroughbred racehorse, the newest vessel in the Golden Gate Ferry fleet stuns the eye with speed, grace, and beauty. The *M. V. (Motor Vessel) Mendocino*, carefully crafted by Nichols Brothers Boat Builders of Freeland, Washington, is an improved version of the fleet's popular original high-speed catamaran, the *M. V. Del Norte*. Together, they provide smooth, rapid, 30-minute crossings between Larkspur and San Francisco.

Del Norte customers provided valuable input that enhanced the *Mendocino's* customer features. Most noteworthy are the increase in passenger capacity from 325 to 408, expanded protected bike storage, custom-designed interior, more flexible seating and improved access for passenger loading and unloading. Federal (80 percent), state (12.5 percent), and District (7.5 percent) funds financed its $10 million construction cost.

Well in advance of placing the *M. V. Mendocino* into service in September 2001, staff focused on achieving improved customer convenience by increasing the number of high-speed weekday crossings from 16 to 26, concurrent with a redesign of the free bus-to-ferry shuttle service. Additionally, extensive training, construction oversight and delivery logistics support was provided by Ferry Division staff.

Bus Trimmer Salvatore Ramos, May 2001 Employee of the Month, shows an outstanding team attitude by sharing his exceptional upholstery skills with Ferry and Bridge divisions.

Parking Set to Expand

With the September 1998 arrival of the *M. V. Del Norte,* ferry ridership spiked sharply. Since then, parking at the Larkspur Ferry Terminal has been at a premium with the lot often filling by 8 a.m. Along with the new September 2001 Larkspur schedule came a construction project to expand the lot by 210 additional spaces. Construction began in October 2001 and will be completed in January 2002. Additional measures to improve parking congestion include the promotion of carpools and biking to transit.

Dredging Ensures Safe Passage

The Larkspur ferry berths, turning area, and channel must be dredged periodically to ensure safe ferry passage. In fall 2000, berth dredging removed approximately 25,000 cubic yards of sediment at a District cost of $682,538. In fall 2001, affording the District great savings, the U.S. Army Corps of Engineers began dredging the turning area and channel, removing approximately 400,000 cubic yards of sediment at a federal cost of $3.3 million. This portion of the dredging will be completed in spring 2002. All dredging is performed with care to coordinate with adjacent residents and local agencies on noise abatement measures, to ensure environmental preservation, and to integrate the project into the ferry schedule so that no ferry operations are curtailed.

Spaulding Engines to be Replaced

In March 2001, the District applied to the Bay Area Air Quality Management District for funds to replace the engines on the three Spaulding vessels with more efficient modern engines. The result was a $1.5 million Carl Moyer Program grant. Once installed in 2002, the new engines will substantially reduce emissions and extend the useful lives of the Spaulding vessels. Lifesaving equipment will be upgraded in a separate $150,000 project authorized in June 2001.

No Smoking Enforcement Program Launched

A program aimed at enforcing the "No Smoking" law was launched this year with positive results. Increased signage went up and the District contracted with County of Marin Sheriff's Department officers to ride ferries periodically and issue warnings and citations to anyone smoking aboard the ferry. Violators can receive fines of up to $250 and up to 48 hours of community service.

Ferry Terminal Superintendent **Rebecca Wessling**, December 2000 Employee of the Month, creates a positive work environment with her upbeat attitude and professionalism.

Website Use Grows

In 1995, the District established a web presence that has continued to grow. Two years ago we expanded this presence by creating four websites: www.goldengate.org, as an umbrella home page; Golden Gate Bridge information at www.goldengatebridge.org; Golden Gate Transit information at www.goldengatetransit.org; and Golden Gate Ferry information at www.goldengateferry.org.

Customers continue to visit the four websites in overwhelming numbers. In a typical week, more than 900,000 "hits," totaling over 48 million annually, are made to the four sites. More than 4,000 visitors are repeat customers. The most popular sites, receiving more than 80 percent of the traffic, are the www.goldengatebridge.org and the www.goldengate.org sites.

Several improvements to the transit websites were made this year, including a renavigation of content along with the expansion of content to make customer access easier. In addition, a new user-friendly customer comment form was added in December 2000. In just six months, nearly 300 customers had used the form. Customers can also sign up to receive periodic service announcements via e-mail. This service continues to grow in popularity.

Health and Safety Programs Enhance Our Success

The District is committed to protecting the environment and the health and safety of its employees. Reducing work-related injuries and illnesses is key. Our strong safety focus has continued to impact the District's three-year downward trend for accidents and injury rates. The importance of workplace safety has increased the role of employees in their own safety programs. This year special emphasis was placed on the implementation of a Districtwide ergonomics program to reduce the number of repetitive motion injuries for all occupations. The District also continues to manage its storm water pollution prevention programs, hazardous waste reduction, and air emissions to ensure the safety of the environment.

Ferry Operations/Maintenance Coordinator **Frances Hofmann**, July 2000 Employee of the Month, is renowned for her outstanding expertise, guidance and assistance on ferry-related matters.

BOARD OF DIRECTORS

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FIRST VICE-PRESIDENT

Harold C. Brown, Jr.
MARIN
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Maureen Middlebrook
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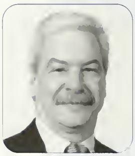
MARIN

J. Dietrich Stroeh
MARIN

Michael J. Cale
SONOMA

Barbara L. Pahre
NAPA



Michael F. Martini
SONOMA

Mark Leno
SAN FRANCISCO

Joseph V. Blue
SAN FRANCISCO

Maryanne P. Harrison
SAN FRANCISCO

Leah C. Shahum
SAN FRANCISCO

Leland Yee
SAN FRANCISCO

Tony Hall
SAN FRANCISCO

SUMMARY OF THE FISCAL YEAR

The Golden Gate Bridge, Highway and Transportation District herein presents its Annual Report for Fiscal Year 2000/2001. An overview of the District's operations is shown in the table below. Subsequent pages contain the Financial Statements and Supplemental Schedules for the years ended June 30, 2001 and 2000 and Independent Auditor's Report.

GOLDEN GATE BRIDGE	2001	2000
Total Vehicle Crossings (southbound and northbound)	42,167,748	42,465,300
GOLDEN GATE TRANSIT		
Bus Passengers	9,483,938	9,530,680
Ferry Passengers	1,885,618	1,862,151
Club Bus Riders	130,980	136,291
FINANCIAL SUMMARY		
Operating Revenues	$86,336,000	$85,517,000
Operating Expenses	116,717,000	105,275,000
Operating Income (Loss)	(30,381,000)	(19,758,000)
Nonoperating Revenues (Expenses)	22,863,000	17,704,000
Net Income (Loss)	(7,518,000)	(2,054,000)
Depreciation on Capital Assets Acquired with Capital Grants	9,334,000	9,040,000
Excess Revenues Available for Appropriations	1,816,000	6,986,000

DISTRICT LEADERSHIP

Celia G. Kupersmith
General Manager

Joseph M. Wire
Auditor–Controller

Denis J. Mulligan
District Engineer

David J. Miller
Attorney

Janet S. Tarantino
Secretary of the District

Kary H. Witt
Deputy General Manager
Bridge

Teri W. Mantony
Deputy General Manager
Administration and Development

David B. Clark
Deputy General Manager
Ferry

Susan C. Chiaroni
Deputy General Manager
Bus

Macias, Gini & Company LLP
Certified Public Accountants

Partners
Kenneth A. Macias
Ernest J. Gini
Kevin J. O'Connell
Richard A. Green
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James V. Godsey

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The Board of Directors of the
Golden Gate Bridge, Highway and
Transportation District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of net assets of the Golden Gate Bridge, Highway and Transportation District (the District) as of June 30, 2001 and 2000, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the District changed its method of financial reporting and financial statement presentation to comply with the provisions of Governmental Accounting Standards Board (GASB) Statements.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

The accompanying supplemental schedule of revenues and expenses by division is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Macias, Gini & Company LLP

Certified Public Accountants
Walnut Creek, California
October 12, 2001

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Golden Gate Bridge, Highway and Transportation District's (District) activities and financial performance provide an introduction to the financial statements of the District for the fiscal year ended June 30, 2001.

Following this MD&A are the basic financial statements of the District together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

DISTRICT ACTIVITIES HIGHLIGHTS

The booming economy in FY 2000 drove demand for District services to their highest levels ever. The District has seen a slight contraction in those service levels in FY 2001 due to the cooling economy.

	2001	2000
Total Vehicle Crossings (southbound only)	21,083,874	21,232,668
% increase/(decrease)	-0.7%	
Bus Patronage	9,483,938	9,530,680
% increase/(decrease)	-0.5%	
Ferry Patronage	1,885,618	1,862,151
% increase/(decrease)	1.3%	
Club Bus Riders	130,980	136,291
% increase/(decrease)	-3.9%	

The District is based in San Francisco and consists of four operating divisions, Bridge, Bus, Ferry, and Rail and an administrative District Division. Overseeing more than 900 employees who work together in the public interest, the General Manager coordinates the operations of all divisions according to the policy and direction of the District Board of Directors. The District Board of Directors consists of 19 members representing the six member counties: San Francisco, Marin, Sonoma, Del Norte, and parts of Mendocino and Napa Counties. Over 21 million vehicles cross the Golden Gate Bridge annually and 11 million customers ride Golden Gate Transit each year.

The District is also unique among Bay Area transit operations because it provides transit services without support from direct sales tax measures or dedicated general funds. As the District does not have the authority to levy taxes, the use of surplus Bridge toll revenue is the only available local means the District has to support the District's transbay transit services. Presently, Golden Gate Transit bus and ferry operations are funded approximately 50 percent by surplus Golden Gate Bridge tolls and 30 percent by transit fares. The remainder is met by state and local funds received from Marin and Sonoma counties for the provision of transit services.

FINANCIAL POSITION SUMMARY

Total net assets serve over time as a useful indicator of the District's financial position. The District's assets exceed liabilities by $305.9 million at June 30, 2001, a $6.6 million increase from June 30, 2000. A condensed summary of the District's net assets at June 30 is shown below (in thousands):

	2001	2000
ASSETS:		
Current and other assets	$113,062	$62,973
Capital assets	289,163	269,953
Total assets	402,225	332,926
LIABILITIES:		
Current liabilities excluding commercial paper notes payable	18,205	13,891
Commercial paper notes payable	61,000	-
Non current liabilities	17,110	19,726
Total liabilities	96,315	33,617
NET ASSETS:		
Invested in capital assets, net of debt	228,163	269,953
Restricted for debt requirements	19,943	-
Unrestricted	57,804	29,356
TOTAL NET ASSETS	305,910	299,309

The largest portion of the District's net assets each year (74.6% at June 30, 2001) represents its investment in capital assets (e.g., bridge, buses, ferries, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The District uses these capital assets to provide services to its patrons and passengers and visitors to the Golden Gate Bridge; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the District's net assets (6.5% at June 30, 2001) represents resources that are subject to external restrictions on how they can be used under Bond resolutions and State regulations. The remaining *unrestricted net assets* (18.9% at June 30, 2001) may be used to meet the District capital and ongoing obligations.

FINANCIAL OPERATIONS HIGHLIGHTS

• Operating Revenues increased by 1% from $85.5 million to $86.3 million principally due to a COLA increase in transit fares of the Bus and Ferry operations.

• Operating Expenses before depreciation increased by 11.6% from $93.1 million to $103.8 million as a result of the increased expenses associated with the successful and rapid implementation of FasTrak toll collection system on the Golden Gate Bridge, labor costs, and higher nation-wide fuel and insurance costs. As a result of the above, operating loss before depreciation increased by 132.0% or $10.0 million from 2000. Depreciation increased from $12.2 million in 2000 to $12.9 million in 2001 as a result of new equipment and vehicles being placed in service which included the FasTrak toll collection system. Operating loss increased from a loss of $19.8 million in 2000 to a loss of $30.4 million in 2001.

• Non-Operating Income (Expenses) increased from a net revenue of $17.7 million in 2000 to a net revenue of $22.9 in 2001 due principally to higher investment income in 2001.

• Capital contributions received in the form of grants from the Federal and State governments increased from $6.5 million in 2000 to $14.1 million in 2001.

SUMMARY OF CHANGES IN NET ASSETS (in thousands)

	2001	2000
Operating revenues	$ 86,336	$ 85,517
Operating expenses before depreciation	(103,833)	(93,059)
Operating loss before depreciation	(17,497)	(7,542)
Depreciation	(12,884)	(12,216)
Operating loss	(30,381)	(19,758)
Nonoperating income and expenses, net	22,863	17,704
Loss before capital contributions	(7,518)	(2,054)
Capital contributions	14,119	6,511
Increase in net assets	$ 6,601	$ 4,457

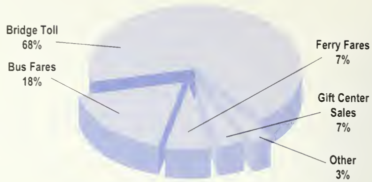
DISTRICT TOLLS AND FARES

Golden Gate Bridge tolls are set by Board Policy and changed when determined necessary by the Board. No change was made in 2001. The District Board established a policy in 1999 that increased transit fares by the local Consumer Price Index for five years. In 2001, the third year of that policy, fares were increased by 4.2%. The tolls and fares were as follows:

	2001	2000
Average Bridge toll	$2.81	$2.80
Average Bus fare	$1.69	$1.63
Average Ferry fare	$2.98	$2.87

REVENUES

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2001 (tolls, bus and transit fares, gift center and other):



A summary of revenues for the year ended June 30, 2001 and the amount and percentage of change in relation to prior year amounts is as follows (in thousands):

	2001 Amount	Percent of Total	Increase/ (Decrease) From 2000	Percent Increase/ (Decrease)
Operating:				
Bridge tolls	$59,180	48.0%	$ (189)	(0.3%)
Bus fares	16,072	13.0%	547	3.5%
Ferry fares	5,620	4.5%	283	5.3%
Gift Center sales	3,051	2.5%	29	1.0%
Other	2,413	2.0%	149	6.6%
Total Operating	86,336	70.0%	819	1.0%
Nonoperating:				
Operating assistance	16,386	13.3%	1,827	12.6%
Investment income	6,477	5.3%	3,332	106.0%
Total nonoperating	22,863	18.6%	5,159	29.1%
Capital contributions	14,119	11.4%	7,608	116.9%
TOTAL REVENUES	$123,318	100.0%	$13,586	12.4%

The operating assistance increase of 12.6% is mainly attributable to the $1.8 million increase in Transportation Development Act assistance. The investment income increase of 106.0% is mainly attributable to the increase in the District's cash and investment balance related to the proceeds from the commercial paper program and a $2.3 million related to unrealized gain on investments.

EXPENSES

The following chart shows the major cost centers and the percentage of operating expenses for the year ended June 30, 2001:

A summary of expenses for the year ended June 30, 2001 and the amount and percentage of change in relation to prior year amounts is as follows:

	2001 Amount	Percent of Total	Increase/ (Decrease) From 2000	Percent Increase/ (Decrease)
Operating:				
Bridge $	31,696	27.2%	$ 4,366	16.0%
Bus	55,149	47.3%	4,344	8.6%
Ferry	16,907	14.5%	2,073	14.0%
Rail	81	0.1%	(9)	(10.0%)
Total operating expenses before depreciation	103,833	89.1%	10,774	11.6%
Depreciation	12,884	10.9%	668	5.5%
TOTAL OPERATING EXPENSES	$116,717	100.0%	$ 11,442	10.9%

The bridge operating expenses increase of $4.4 million is mainly attributable to bank service charges and transaction processing service charges associated with the FasTrak program as previously discussed; increase labor and fringe benefit expenses related to COLA increases of 4.5% and higher medical costs; and the hiring of six additional bridge painters. The bus operating expenses increase of 8.6% is mainly attributable to the increased labor and benefit costs, substantially higher fuel prices, and increased overtime costs due to a shortage of bus operators. The ferry operating expenses increased $2.1 million due to the provision of new services to Pac Bell Park, additional service costs in the amount of $569,000 incurred resulting from the scheduled dry-docking servicing ferries that occur every other year and increase labor and fringe benefit expenses as previously discussed.

SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents for the past two years. Cash equivalents are considered highly liquid investments with an original maturity of three months or less.

	2001	2000
Cash flow from operating activities	$ (17,745)	$ (10,302)
Cash flow from non capital financing activities	16,339	14,615
Cash flow from capital and related financing activities	41,209	(36,148)
Cash flow from investing activities	22,835	15,417
Net increase (decrease) in cash and cash equivalents	62,638	(16,418)
Cash and cash equivalents, beginning of year	6,625	23,043
Cash and cash equivalents, end of year	$ 69,263	$ 6,625

The District's available cash and cash equivalents increased from $6.6 million at the end of 2000 to $69.3 million at the end of 2001 due primarily to the $61 million proceeds from the commercial paper notes.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and construction in progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See the notes to the financial statements for a summary of the District's significant accounting policies.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2001, the District expended $29.3 million on capital activities. This included the following major construction projects, principally the seismic retrofit project ($12.5 million), FasTrak transponders ($1.5 million), fourteen replacement buses ($4.6 million) and the purchase of the M.V. Mendocino ($7.6 million). During 2001, completed projects totaling $12.4 million were closed from construction-in-progress to their respective capital assets accounts. The major completed project was the FasTrak Toll Collection System ($7.8 million). Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including Federal grants, with matching State grants and District reserve funds, debt issuance, and District revenues. Additional information on the District's capital assets and commitments can be found in Note 4 of the notes to the financial statements.

DEBT ADMINISTRATION

On July 12, 2001, the District issued commercial paper notes Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes are secured by a pledge of the District's revenues and two dedicated reserves, and additionally secured by a line of credit. Under this program, the District is able to issue commercial paper notes at prevailing interest rates for period of maturity not to exceed 270 days. At June 30, 2001, $61,000,000 in commercial paper notes was outstanding and maturing within 30 to 270 days, with interest ranging from 2 15% to 4%. The District plans to pay off the commercial paper over 22 years beginning once the project is complete in 2008.

CREDIT RATINGS AND BOND ISSUANCE

Standard & Poor's and Fitch gave the District the highest credit rating (AA- and AA-) in the nation for a single toll facility. In issuing their rating, Fitch wrote the following about the District:

> *Golden Gate Bridge, Highway and Transportation District Commercial Paper Notes, Series A and Series B are rated "F1+" by Fitch...The long-term "AA-" unsecured debt rating reflects the District's strong economic and financial position.*
>
> *...The implied "AA-" long-term rating reflects the District's position as a unique regional and national transportation asset. The Golden Gate Bridge is a critical transportation link with a stable and mature base of traffic. While the single source nature of the primary stream of revenues is a key rating constraint, the monopolistic characteristics of the bridge and the District's public transit operations from the northern counties of Marin and Sonoma to San Francisco solidify its control over that vital corridor and strengthen its overall credit profile. The District's significant ratemaking flexibility and demonstrated willingness to raise tolls are also valuable credit strengths. Other important rating considerations are the levels of insurance and reserves, and the limited amount of debt planned in support of scheduled capital improvements.*

In connection with the sale of the commercial paper, the District has secured a Line of Credit with J.P. Morgan to guarantee the payment of interest when due. As additional security, the District established both an Operating Reserve Fund and a Debt Service Reserve Fund.

ECONOMIC AND OTHER FACTORS

The District is continuing its commitment to its mission to provide a safe, efficient, reliable means for the movement of people, goods, and services within the Highway 101, Golden Gate Corridor. In carrying out this mission, the District maintains the Golden Gate Bridge in a structurally sound condition, provides bus and ferry public transit services, and carries out its activities in a cost-effective, fiscally responsible manner. Further, the District recognizes its responsibility to work as a partner with federal, state, regional, and local governments and agencies to best meet the transportation needs of the people, communities, and businesses of San Francisco and the North Bay areas.

The financial condition of the District is strong and the economic outlook of the District's service area is positive in the long-run. The District's service area is one of the wealthiest in the nation. Demand for District services -- bridge patrons and transit passengers -- are expected to remain steady in the long-run. The District supports its activity primarily with bridge tolls and transit fares. Steps have been taken to insure sufficient funding for the future. The District has implemented a five-year plan to increase transit fares by the local consumer price index. Another part of the District's fiscal strategy is the elimination of the $2.67 FasTrak Discount Toll for Two-Axle Vehicles on June 30, 2001 to cover the expected loss in revenue that would occur if the discount continued as more patrons enroll in the FasTrak system. This will offset this potential loss and result in a net financial gain of approximately $16 million over the next ten years.

Continued capital investment in the Golden Gate Bridge and other District assets is another significant strategy to ensure the District's financial health for the future. Phase I of the seismic retrofit of the Golden Gate Bridge is on schedule to be completed in the Fall of 2001 and Phase II began during the Spring of 2001. Phase II - $157 million project - is scheduled to be completed in the beginning of 2005. These two projects will retrofit the North and South approaches to the bridge to enable them to withstand the largest creditable earthquake in this area. Phase III, the retrofit of the main span of the bridge - the inherently strongest part of the structure, is scheduled to begin in 2004.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at Box 9000, Presidio Station, San Francisco, California 94129.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF NET ASSETS

JUNE 30, 2001 AND 2000 (In thousands)

	2001	2000
ASSETS:		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$ 49,108	$ 6,625
Investments	32,807	48,320
Capital and operating grants receivable	2,722	211
Accounts receivable	3,500	3,095
Maintenance inventories and supplies - at average cost	3,223	3,178
Prepaid expenses	1,120	1,111
Total unrestricted assets	92,480	62,540
Restricted assets:		
Cash and cash equivalents	20,155	-
Total current assets	112,635	62,540
NONCURRENT ASSETS:		
Capital assets		
Nondepreciable capital assets:		
Land	18,026	18,026
Construction in progress	101,347	81,723
Total nondepreciable capital assets	119,373	99,749
Depreciable capital assets:		
Property and equipment:		
Bridge, related buildings and equipment	162,311	154,239
Bus transit property and equipment	108,326	107,667
Ferry transit property and equipment	68,289	64,929
Rail transit property and equipment	441	394
Accumulated depreciation	(169,577)	(157,025)
Total depreciable capital assets	169,790	170,204
Total capital assets	289,163	269,953
Other assets	427	433
Total noncurrent assets	289,590	270,386
TOTAL ASSETS	$ 402,225	$ 332,926

	2001	2000
LIABILITIES:		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	$ 7,258	$ 5,321
Accrued liabilities	2,021	1,897
Deferred revenue	1,686	835
Accrued compensated absences	816	609
Contract retentions	1,600	1,192
Self-insurance liabilities	4,612	4,037
Total payable from unrestricted assets	17,993	13,891
Payable from restricted assets:		
Construction contracts payable	103	-
Contract retentions	109	-
Commercial notes payable	61,000	-
Total payable from restricted assets	61,212	-
Total current liabilities	79,205	13,891
NONCURRENT LIABILITIES:		
Accrued compensated absences	6,012	6,301
Self-insurance liabilities	11,098	13,425
Total noncurrent liabilities	17,110	19,726
TOTAL LIABILITIES	96,315	33,617
NET ASSETS:		
Invested in capital assets, net of related debt	228,163	269,953
Restricted for debt requirements	19,943	-
Unrestricted	57,804	29,356
TOTAL NET ASSETS	$ 305,910	$ 299,309

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2001 AND 2000 (In thousands)

	2001	2000
OPERATING REVENUES:		
Bridge tolls	$ 59,180	$ 59,369
Transit fares	21,692	20,862
Gift center sales	3,051	3,022
Other operating income	2,413	2,264
Total operating revenues	86,336	85,517
OPERATING EXPENSES:		
Operations	58,421	49,927
Maintenance	25,014	21,921
General and administrative	20,398	21,211
Depreciation	12,884	12,216
Total operating expenses	116,717	105,275
OPERATING LOSS	(30,381)	(19,758)
NONOPERATING REVENUES (EXPENSES):		
Pass-through federal capital assistance:		
Translink assistance	1,651	2,643
Translink assistance pass-through Metropolitan Transportation Commission	(1,651)	(2,643)
Operating assistance:		
State operating assistance	16,544	14,593
Federal operating assistance	93	115
Local operating assistance	(251)	(149)
Total operating assistance	16,386	14,559
Investment income	6,477	3,145
Total nonoperating revenues	22,863	17,704
LOSS BEFORE CAPITAL CONTRIBUTIONS	(7,518)	(2,054)
CAPITAL CONTRIBUTIONS	14,119	6,511
INCREASE IN NET ASSETS	6,601	4,457
NET ASSETS, Beginning of year, as restated	299,309	294,852
NET ASSETS, End of year	$ 305,910	$ 299,309

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2001 AND 2000 (In thousands)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	$ 87,074	$ 84,255
Cash payments to suppliers for goods and services	(25,546)	(22,581)
Cash payments to employees for services	(79,273)	(71,976)
Net cash used in operating activities	(17,745)	(10,302)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	16,339	14,615
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions received	13,306	9,365
Capital grants disbursed to Metropolitan Transportation Commission	(1,651)	(2,643)
Proceeds from commercial paper notes	61,000	-
Interest paid	(2,165)	-
Purchase of capital assets	(29,281)	(42,870)
Net cash provided by (used in) capital and related financing activities	41,209	(36,148)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investment securities	17,849	12,001
Investment income received	4,986	3,416
Net cash provided by investing activities	22,835	15,417
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	62,638	(16,418)
CASH AND EQUIVALENTS, Beginning of year	6,625	23,043
CASH AND EQUIVALENTS, End of year	$ 69,263	$ 6,625
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (30,381)	$ (19,758)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	12,884	12,216
Gain/loss from disposal of property and equipment	(17)	20
Effect of changes in:		
Accounts receivable	(119)	(748)
Inventory and supplies	(45)	266
Other current assets	(3)	(814)
Trade accounts payable	795	(577)
Self-insurance liabilities	(1,752)	(1,126)
Other liabilities	975	269
Accrued compensated absences	(82)	(50)
Net cash used in operating activities	$ (17,745)	$ (10,302)
Supplemental disclosures of cash flow information:		
Noncash investing activities:		
Increase (decrease) in fair value of investments	$ 2,336	$ (565)

See accompanying notes to the financial statements.

(1) ORGANIZATION

The Golden Gate Bridge, Highway and Transportation District (the "District") is a political subdivision of the State of California created by the legislature in 1923 and subject to regulation under the Bridge and Highway District Act, as amended. The District operates the Golden Gate Bridge, operates bus service primarily in Marin, San Francisco and Sonoma counties and operates ferry service between Marin and San Francisco counties. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and certain counties within the District. The District is composed of five divisions including the District Division, the Bridge Division, the Bus Division, the Ferry Division and the Rail Division. The District Division has no revenues and all its expenses are allocated to general and administrative expenses of the other Divisions (see Note 13).

(2) SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The District's reporting entity includes all activities of the District.

Implementation of New Pronouncements

GASB Statement No. 33 - In December 1998, the GASB issued statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.* This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources (for example, most taxes, grants, and private donations). The District has adopted this statement for its 2001 financial statements and the 2000 financial statements have been restated to conform with the fiscal year 2001 presentation. Additions to capital grant equity are now recorded as revenues in the year received. The effect of this change for fiscal year 2000 resulted in capital contributions, in the amount of $6,511,000, being reported as revenue versus direct additions to equity.

GASB Statements No. 34 and 37 - In June 1999 and in June 2001, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus.* These statements eliminate the concept of capital maintenance and introduce the concept of net assets which are classified based on accessibility. The District has adopted these statements for its 2001 financial statements and the 2000 financial statements have been restated to conform with the 2001 presentation. The effect of this change in the statements of net assets are that net assets is classified in three components - *invested in capital assets, net of related debt, restricted* and *unrestricted* compared to what was previously reported as total capitalization classified in two components – *retained earnings and capital grant equity*. In addition, the statements of cash flows is reported using the direct method presenting the cash flows from operating activities by major classes of receipts and disbursements.

GASB Statement No. 38 - In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. The District's notes to the financial statements incorporate modifications as required under this statement.

Basis of Accounting - The District is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents - The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (see Note 3).

Investments - are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (see Note 3).

Restricted Assets –consist of monies and other resources which are restricted legally as described below:

Construction Fund – These assets represent capital debt proceeds that are restricted for designated capital projects and cannot be expended for any other item.

Special Operating Fund – These assets represent assets that are restricted for the Bridge Division operating expenses and principal of and interest on the 2000 commercial paper notes which must be at least equal to an amount equal to the lesser of $12,000,000 or 12% of the principal amount of all notes then outstanding.

Debt Reserve Fund – These assets represent the 2000 commercial paper notes proceeds held in Debt Reserve Account which must be at least equal to an amount equal to the lesser of 125% of average annual debt service on all notes then outstanding or 10% of the principal amount of all notes then outstanding.

Capital assets are recorded at cost. The District defines capital assets as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Major additions and replacements are capitalized. Maintenance, repairs and additions of a minor nature are expensed as incurred. The costs of acquisition and construction of equipment and facilities are recorded in construction in progress until such assets are completed and placed in service, at which time the District commences recording depreciation expense.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Bridge structural components	100 years
Bridge buildings, toll plaza structure, deck and approach roadways and sidewalks	50 years
Buses	12 years
Ferry boats	40 years
Other transit property	5 – 40 years

Capitalization of interest – Interest costs incurred that relate to the acquisition or construction of property and equipment acquired with tax-exempt debt is capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested debt proceeds over the same period. Capitalized interest cost is prorated to completed projects based on the completion date of each project.

Operating assistance grants are recorded as revenue when earned.

Capital contributions - The District has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the District's buses, ferries and transit facilities. The District also has contracts with CalTrans for State Transit Assistance funds which are used either to match Federal Transit Administration grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for property and equipment acquisition and facility development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after nonoperating revenues and expenses as capital contributions.

The District's capital contributions for the years ended June 30, 2001 and 2000 are as follows (in thousands):

	Bridge Division	Bus Division	Ferry Division	Rail Division	Total
Capital contributions in fiscal 2000:					
U.S. Department of Transportation	$20	$4,847	$421	$ -	$5,288
State Transit Assistance	-	1,115	108	-	1,223
Total capital contributions	$20	$5,962	$529	$ -	$6,511
Capital contributions in fiscal 2001:					
U.S. Department of Transportation	$1,286	$4,652	$7,018	$ -	$12,956
State Transit Assistance	-	86	1,062	15	1,163
Total capital contributions	$1,286	$4,738	$8,080	$15	$14,119

Compensated Absences – Accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses consists of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

Net Assets comprise the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

Unrestricted net assets - This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

Restatement of Net Assets – During fiscal year 2000-2001, the District employed an independent actuary to evaluate its liability for general liability and workers' compensation liability claims. One aspect of the actuarial study was an enhancement of the District's methodology for including costs for incurred but not reported claims. When the District computed its general liability and workers' compensation reserves under the enhanced methodology, using known loss experience from the prior years, it resulted in an understatement of general liability and workers' compensation liability reserves that had been previously reported as equity designated by Board Policy. As a result, the District reduced its July 1, 1999 net assets by $4,956,000.

Pension Plans - The District participates in several pension plans covering all employees. Certain union members are covered under single employer or multi-employer plans while other union and nonunion employees participate in the State of California's Public Employees' Retirement System. Pension contributions are based on rates established by negotiated labor contracts or by the actual plans. The District's policy is to fund pension costs as accrued (see Note 8).

Postretirement Health Care Benefits - The District provides postretirement health care benefits to certain employees and their dependents. The District recognizes the expense for such costs on a pay-as-you-go basis (see Note 9).

Use of Estimates – Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Reclassification – Certain 2000 amounts have been reclassified to conform with the 2001 presentation.

(3) CASH AND INVESTMENTS

The District maintains cash and investments that are available for general use subject to prior Board designations and debt covenant restrictions.

Cash and Deposits - At June 30, 2001 and 2000, the District's cash on hand was $361,000 and $524,000, respectively. At June 30, 2001 (and 2000), the carrying amount of the District's deposits was ($442,000) (2000, $202,000). The corresponding bank balance was $981,000 (2000, $1,658,000). Of the bank balance, $171,000 (2000, $104,000) was covered by federal depository insurance, $432,000 (2000, $1,191,000) was covered by collateral held in the pledging bank's trust department or by the agent in the District's name, and $378,000 (2000, $363,000) was uninsured and uncollateralized. In addition, at June 30, 2001 and 2000, the District had non-negotiable certificates of deposits in the amount of $999,000 and $1,083,000, respectively that was covered by federal depository insurance.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The District may waive collateral requirements for deposits that are fully insured up to $100,000 by federal depository insurance.

Investments – Statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, and the state treasurer's investment pool. The District entered into no reverse repurchase agreements during the years ended June 30, 2001 and 2000.

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at June

30 2001 and 2000. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District had only Category 1 investments at June 30, 2001 and 2000.

As of June 30, 2001, the District's investment in the state treasurer's investment pool (LAIF) is $29,500,000. The total amount invested by all public agencies in LAIF at those dates is $54,496,268,000. Of that amount, 95.49% is invested in non-derivative financial products and 4.51% in structured notes and asset-backed securities as of June 30, 2001. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

At June 30, 2001 and 2000 cash and investments were comprised of the following (in thousands):

	2001	2000
Federal agency obligations	$13,475	$43,206
Municipal bonds	7,649	8,430
Corporate commercial paper	28,993	1,500
Corporate bonds	19,468	-
Banker's acceptance	1,999	-
Total category 1 investments	71,584	53,136
Cash on hand	361	524
Demand deposits (overdrafts)	(442)	202
Non-negotiable certificates of deposit	999	1,083
Investment in state treasurer's investment pool	29,500	-
Money market mutual funds	68	-
Total	$102,070	$54,945
Reported as:		
Unrestricted:		
Cash and cash equivalents	$49,108	$ 6,625
Investments	32,807	48,320
Total unrestricted cash and investments	81,915	54,945
Restricted:		
Construction fund	6,793	-
Special operating fund	7,572	-
Debt service reserve fund	5,790	-
Total restricted cash and investments	20,155	-
Total cash and investments	$102,070	$54,945

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2001 was as follows (in thousands):

	Balance July 1, 2000	Additions	Reductions/ Adjustments	Transfers	Balance June 30, 2001
Capital assets, not being depreciated:					
Land	$ 18,026	$-	$-	$-	$ 18,026
Construction in progress	81,723	32,073	(35)	(12,414)	101,347
Total capital assets, not being depreciated	99,749	32,073	(35)	(12,414)	119,373
Capital assets, being depreciated:					
Bridge, related buildings and equipment	154,239	-	(39)	8,111	162,311
Bus transit property and equipment	107,667	-	(237)	896	108,326
Ferry transit property and equipment	64,929	-	-	3,360	68,289
Rail transit property and equipment	394	-	-	47	441
Total capital assets, being depreciated	327,229	-	(276)	12,414	339,367
Less accumulated depreciation	(157,025)	(12,884)	332	-	(169,577)
Total capital assets, being depreciated, net	170,204	(12,884)	56	12,414	169,790
Total capital assets, net	$269,953	$19,189	$ 21	$ -	$289,163

In fiscal year 2001, interest costs of $2,165,000 were offset by interest income of $1,131,000, resulting in $1,034,000 of net interest costs which was capitalized as construction in progress for the Bridge Seismic Retrofit Project.

Construction in progress consists of the following projects at June 30, 2001 and 2000 (in thousands):

	2001	2000
Bridge seismic retrofit	$84,022	$70,125
Bridge toll collection system	-	5,979
Ferry fuel system replacement	-	2,253
Ferry replacement	9,375	1,771
Bus replacement	4,558	-
Other	3,392	1,595
Total construction in progress	$101,347	$81,723

At June 30, 2001 and 2000, the District had commitments of approximately $15,141,000 and $11,265,000, respectively, for bridge-related projects and approximately $348,000 and $12,513,000, respectively, for transit equipment and other projects.

(5) COMMERCIAL PAPER NOTES PAYABLE

On July 12, 2001, the District issued commercial paper notes Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes are secured by a pledge of the District's revenues and additionally secured by a line of credit. Under this program, the District is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. At June 30, 2001, $61,000,000 in commercial paper notes was outstanding and maturing within 30 to 270 days, with interest ranging from 2.15% to 4%.

(6) CAPITAL GRANTS PASSED-THROUGH TO MTC

The District passed-through its federal capital assistance allocation of $1,651,000 and $2,643,000 for the years ended June 30, 2001 and 2000, respectively, to the Metropolitan Transportation Commission (MTC) for the Translink Project. The Translink Project is expected to be completed in fiscal year 2002. This amount was recognized as nonoperating revenue and expense in the financial statements.

(7) OPERATING ASSISTANCE

The District receives operating assistance from various federal, state and local sources. Transportation Development Act funds are received from the state through Marin and Sonoma Counties to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission ("MTC"). Federal funds are distributed to the District by the Federal Transit Administration after approval by MTC. The District also receives Marin County Transit local funds and other amounts of assistance from other state agencies. Operating assistance is summarized as follows for the years ended June 30, 2001 and 2000 (in thousands):

	2001	2000
Transportation Development Act	$14,192	$12,345
Federal Transit Administration	93	115
State Transit Assistance	2,193	2,103
Marin County Transit local funds	(251)	(149)
CalTrans	157	145
FEMA/OES	2	-
Total	$16,386	$14,559

(8) PENSION PLANS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description - All permanent District employees (except bus and ferry operators and deckhands) are eligible to participate in the Public Employees' Retirement Fund (the "Fund") of the State of California's Public Employees' Retirement System ("CALPERS"). The Fund is an agent multi-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and average of three highest years' compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established by state statute. Copies of the Fund's annual financial report may be obtained from CALPERS' executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - Active plan members in the CALPERS are required to contribute 7.0% of their annual covered salary. In addition, the District is required to contribute at an actuarially determined rate. Based on the actuarial valuation as of June 30, 1998 and 1997, there are no projected contribution required for fiscal years 2001 and 2000, respectively. The contribution requirements of plan members and the District are established by State statute and the employer contribution rate is established and may be amended by CALPERS.

Annual Pension Cost - For fiscal years ending June 30, 2001 and 2000, the District's employer actual annual pension costs for CALPERS is zero. The required contribution was determined as part of the June 30, 1998 and 1997 actuarial valuations, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of CALPERS assets was determined using techniques that smoothes the effects of short-term volatility in the market value of investments over a 3-year period. CALPERS overfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 1998 is 38 years.

Funding progress information for the District for 2001 and 2000 is unavailable as of the date of this report.

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Excess Assets	Funded Ratio	Annual Covered Payroll	Excess Assets as a % of Payroll
6/30/97	$119,992	$108,693	$11,299	110.4%	$26,880	42.0%
6/30/98	141,800	115,509	26,291	122.8%	27,147	96.8%
6/30/99	164,077	132,944	31,133	123.4%	28,349	109.8%

GOLDEN GATE TRANSIT - AMALGAMATED RETIREMENT PLAN

Plan Description - The District's bus operators participate in the Golden Gate Transit - Amalgamated Retirement Plan ("GGT-ARP"), a single employer defined benefit pension plan funded by the District and administered by a Board of Trustees consisting of District and union representatives. This plan provides retirement, disability and death benefits based on employees' age, years of service, and average compensation. Employees may receive normal retirement benefits based on a predetermined formula. Copies of the GGT-ARP's annual financial report may be obtained from the District.

Funding Policy - The District's contribution to the Plan is a result of collective bargaining. Through July 22, 1999, the contribution rate was 15.165% of eligible earnings. After July 22, 1999, the District was not required to make contributions to GGT-ARP. If the plan actuary determines at the end of any plan year that the actuarial value is less than 105% of the actuarial liability, then the District's contribution

for the plan year will be 15.165%. Additionally, the District's contribution will return to 15.165% effective December 31, 2004, unless the District and the union agree otherwise. There is no provision for employee contributions.

Annual Pension Cost - For the fiscal years ended June 30, 2001 and 2000, the District's annual pension cost for the GGT-ARP was equal to the negotiated contribution amount and actuarially required contribution. The actuarial cost method for determining the annual pension cost was the entry age normal cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of investment expenses), (b) projected 6.0% of annual salary increases that includes a 1.0% increase for seniority wage increases.

The actuarial value of assets was determined using a method that smoothes the effects of short-term volatility in the market value of investments by recognizing one-third of the difference between the expected actuarial value of assets and the market value of assets.

The District's funding progress information as of January 1, 2001 is illustrated as follows:

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Surplus	Funded Ratio	Annual Covered Payroll	Surplus as a % of Payroll
1/1/99	$93,554	$75,613	$17,941	124%	$17,557	102%
1/1/00	110,401	80,190	30,211	138%	17,901	169%
1/1/01	119,091	91,667	27,424	130%	20,085	137%

Actuarially Determined Contributions Required and Contributions Made - The District's contributions to GGT-ARP for the years ended June 30, 2001, 2000 and 1999 are the result of collective bargaining. The total pension expense and funded contribution were $0, $189,000, and $2,460,000 for the years ended June 30, 2001, 2000 and 1999, respectively (0%, 15.2%, and 15.2% of current covered payroll of $20,285,000, $18,776,000 and $16,223,000 for 2001, 2000 and 1999, respectively).

OTHER RETIREMENT PLANS

The District's ferry operators and deckhands participate in the Inlandboatmen's Union of the Pacific National Pension Plan ("Inlandboatmen's") or the MEBA Towboat Operators Pension Trust ("MEBA"). Inlandboatmen's and MEBA are union-administered cost-sharing multiple-employer defined benefit pension plans in which the District is a participant. Pension expense for the Inlandboatmen's plan was $195,000, $149,000 and $143,000 for the years ended June 30, 2001, 2000 and 1999, respectively. The District contributed to Inlandboatmen's 8.1%, 6.8% and 7% of payroll for covered employees for the years ended June 30, 2001, 2000 and 1999, respectively. The District's covered payroll for employees participating in this plan was $2,404,000, $2,182,000 and $2,057,000 for the years ended June 30, 2001, 2000 and 1999, respectively. Pension expense for the MEBA plan was $113,000, $95,000 and $95,000 for the years ended June 30, 2001, 2000 and 1999, respectively. The District contributed to MEBA 8.4%, 8.1% and 9% of payroll for covered employees for the years ended June 30, 2001, 2000 and 1999, respectively. The District's covered payroll for employees participating in this plan was $1,347,000, $1,168,000 and $1,063,000 for the years ended June 30, 2001, 2000 and 1999, respectively.

(9) POSTRETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 8, the District provides postretirement health care benefits. The benefits are provided to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. For those employees age 55 with at least 15 years of service, survivor and dependent care benefits are also received. If the employee began employment at the District prior to January 1, 1983, the benefits are provided on or after attaining age 50 with at least 5 years of service. Currently 515 retirees meet the eligibility requirements. Retirees under the age of 60 who choose a Preferred Provider rather than a Health Maintenance Organization are required to pay $145.00 per month for family coverage. For single coverage, the premium is $72.50 per month. Between the age of 60 and 65, the retiree is responsible for only the cost of the Medicare contribution, or $50.00 per month. Retirees under the age of 60 enrolled in an HMO will pay only the Medicare contribution rate. Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. Postretirement health care benefits expense was $2,673,000 and $2,084,000 for the years ended June 30, 2001 and 2000, respectively.

(10) SELF INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; natural disasters; employee, retiree and dependent health benefits. The District is self-insured for its general liability, workers' compensation, auto liability and public transportation liabilities. The District has set aside for claim settlements associated with the above risks of loss up to certain limits. Self-insurance and limits are as follows:

Type of Coverage	Self-Insurance	Excess Coverage
General vehicle liability	$2,000,000 per occurrence	$75,000,000
Workers' compensation	$350,000 per claim	Statutory limits excess of self insurance
Health benefits	$100,000 per individual	Stop loss above $100,000
Northwestern Pacific Railroad		
Right of Way property	$10,000 per occurrence	$1,000,000 per occurrence/annual aggregate
Boiler and machinery	$500 per accident	$1,000,000 per occurrence
Property (earthquake/flood)	$10,000 per occurrence, 5% per structure	$45,000,000 per occurrence/annual aggregate
Property (bridge structure)	$15,000,000 per occurrence	$125,000,000 per occurrence/annual aggregate
Bridge use and occupancy	30 days	$25,000,000 per occurrence
Marine	$250,000 annual aggregate	$1,000,000 per occurrence
Crime and dishonesty	$25,000 per occurrence	$1,000,000 per occurrence/annual aggregate
Public officials liability	$25,000 per occurrence	$3,000,000 per occurrence/annual aggregate

All property is insured at full replacement value. To date, there have been no significant reductions in any of the District's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the last three years.

The District's estimated self insurance liability is based on requirements of GASB Statements No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The actuarially determined liability includes allocated expenses and a provision for incurred but not reported claims.

Changes in the balances of claims liabilities for the years ended June 30, 2001 and 2000 are as follows (in thousands):

	2001	2000
Self-insurance liabilities, beginning of fiscal year, as restated	$17,462	$18,588
Incurred claims and changes in estimates	4,241	3,057
Claim payments and related costs	(5,993)	(4,183)
Total self-insured claims liabilities	15,710	17,462
Less current portion	(4,612)	(4,037)
Non-current portion	$11,098	$13,425

(11) RELATED PARTY TRANSACTIONS

Northwestern Pacific Railroad Authority - The District entered into a joint powers agreement creating the Northwestern Pacific Railroad Authority ("NWPRA"), to obtain and hold title to land necessary to complete the Northwestern Right of Way project. The members of NWPRA are the District, the Northern California Railroad Authority ("NCRA") and the County of Marin. The Board of the NWPRA is comprised of seven members; two appointed by the Board of Supervisors of Marin County, two appointed by the Board of NCRA and three appointed by the District. The NWPRA does not operate the right-of-way railroad, but does own, maintain and permit rail operations by third parties. Any debt of the NWPRA is not the debt of the members of NWPRA. The NWPRA completed the purchase of the right of way on April 29, 1996 which consisted of the Healdsburg and Lombard segments.

The District has been appointed managing agency for the NWPRA and provides administrative personnel and facilities. The District was reimbursed for such services in fiscal years 2001 and 2000 in the amount of $246,000 and $212,000, respectively. The District has total receivables from NWPRA of $18,000 and $74,000 at June 30, 2001 and 2000, respectively, for advances for administrative support.

Summary financial information for NWPRA is as follows (in thousands):

	2001	2000
As of June 30:		
Total assets	$23,639	$23,373
Total liabilities	303	333
Equity	$23,336	$23,040
For the years ended June 30,		
Operating revenues	$ 769	$ 192
Operating expenses	506	475
Operating income (loss)	263	(283)
Investment income	14	-
Other revenue	19	8
Excess of revenues over (under) expenses	295	(275)
Depreciation on fixed assets acquired with capital grants	97	97
Net income (loss)	$ 393	($ 178)

(12) DESIGNATION OF DISTRICT FUNDS

The Board of Directors has designated available funds for seismic retrofit of the Bridge, other Bridge maintenance and transit capital projects. In addition, the Board has restricted funds due to the legal requirements of the commercial paper program, possible operational emergencies and self insured losses.

(13) ALLOCATION OF DISTRICT DIVISION EXPENSE

For the years ended June 30, 2001 and 2000, District Division expense has been allocated to the operating divisions (included in general and administrative expenses) by resolution of the Board of Directors as follows (in thousands):

	2001	2000
Bridge	$6,162	$6,463
Bus	4,754	5,355
Ferry	1,492	1,552
Rail	10	14
Total	$12,418	$13,384

(14) ENVIRONMENTAL REMEDIATION

During 1992, the District discovered lead contamination in the soil beneath the north and south approaches to the Bridge. The District entered into a Voluntary Cleanup Agreement (VCA) with the State of California Department of Toxic Substances Control to effect a Remedial Action Plan for the first phase of a two-phased cleanup program and a Remedial Investigation (RI) for the second phase. The District has completed the Phase I cleanup under the VCA and has expensed approximately $6.5 million for that work. The VCA requires that the District complete a RI of the phase II areas, but does not require the District to actually complete the remediation. It is likely that remediation will be required under Phase II; however, the VCA identifies two other Potential Responsible Parties, the National Park Service and the U.S. Army, who will likely be required to share in any costs associated with the Phase II remediation. Because the RI has not been completed in these areas, it is not possible at this time to determine any potential cleanup costs for Phase II, and what the District's share of those costs might be.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION (NON-GAAP BASIS)

YEARS ENDED JUNE 30, 2001 AND 2000 (In thousands)

	Total		Bridge Division		Bus Division		Ferry Division		Rail Division	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
OPERATING REVENUES:										
Bridge tolls	$ 59,180	$ 59,369	$ 59,180	$ 59,369	$ -	$ -	$ -	$ -	$ -	$ -
Transit fares	21,692	20,862	-	-	16,072	15,525	5,620	5,337	-	-
Gift center sales	3,051	3,022	3,051	3,022	-	-	-	-	-	-
Other operating income	2,413	2,264	327	362	1,637	1,581	370	249	79	72
Total operating revenues	86,336	85,517	62,558	62,753	17,709	17,106	5,990	5,586	79	72
OPERATING EXPENSES:										
Operations	58,421	49,927	12,621	9,155	35,744	32,118	10,056	8,654	-	-
Maintenance	25,014	21,921	10,814	9,366	10,546	9,733	3,573	2,732	81	90
General and administrative	20,398	21,211	8,261	8,809	8,859	8,954	3,278	3,448	-	-
Depreciation	12,884	12,216	3,542	3,106	7,194	6,914	2,118	2,167	30	29
Total operating expenses	116,717	105,275	35,238	30,436	62,343	57,719	19,025	17,001	111	119
OPERATING INCOME (LOSS)	(30,381)	(19,758)	27,320	32,317	(44,634)	(40,613)	(13,035)	(11,415)	(32)	(47)
NONOPERATING REVENUES (EXPENSES):										
Operating assistance:										
State operating assistance	16,544	14,593	163	145	13,554	11,996	2,827	2,452	-	-
Federal operating assistance	93	115	-	-	93	104	-	11	-	-
Local operating assistance	(251)	(149)	-	-	(251)	(151)	-	-	-	2
Total operating assistance	16,386	14,559	163	145	13,396	11,949	2,827	2,463	-	2
Investment income	6,477	3,145	6,477	3,145	-	-	-	-	-	-
Total nonoperating revenues	22,863	17,704	6,640	3,290	13,396	11,949	2,827	2,463	-	2
NET INCOME (LOSS)	(7,518)	(2,054)	33,960	35,607	(31,238)	(28,664)	(10,208)	(8,952)	(32)	(45)
DEPRECIATION ON CAPITAL ASSETS ACQUIRED WITH CAPITAL GRANTS	9,334	9,040	1,211	1,197	6,693	6,379	1,428	1,464	2	-
EXCESS REVENUES AVAILABLE FOR APPROPRIATIONS	$ 1,816	$ 6,986	$ 35,171	$ 36,804	$ (24,545)	$ (22,285)	$ (8,780)	$ (7,488)	$ (30)	$ (45)

GOLDEN GATE BRIDGE SM
HIGHWAY & TRANSPORTATION DISTRICT

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

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P.O. Box 9000, Presidio Station
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■ ANNUAL REPORT ■ 2001/2002

GOLDEN GATE BRIDGE
HIGHWAY & TRANSPORTATION DISTRICT

message from the general manager

This year was one of momentous challenge. Not only was the United States shaken to its core by the events of September 11, 2001, but the economic recession that began in early 2001 has also led to a financial crisis for the Golden Gate Bridge, Highway and Transportation District (District) based in San Francisco, California.

The new millenium brought a down-turning economy, the force of which no one could have predicted. Through the 1990's, economic conditions were strong, allowing our Bridge, bus and ferry revenues to remain steady and predictable. At the same time, annual inflation was eroding our buying power, and prices for fuel, labor, and insurance were on the rise. Beginning in 1998, the District implemented small, incremental bus and ferry fare increases, eliminated the discount on Bridge tolls, and annually identified cost cutting measures to stretch revenues as far as possible. But these actions were not enough to keep ahead of the waves of economic battering that were about to hit.

With the demise of the Bay Area's once-exploding "dot-com" economy, there were drops in toll and fare revenue as people traveled less. Additionally, in May 2001, the Golden Gate Bridge turned 65 years old, and major maintenance projects have come due. The multi-million dollar rehabilitation of the main cables and roadway underdecking is needed now, and federal funding for such capital improvements is greatly reduced. The acts of terrorism on September 11th led to a rise in expenses for crucial services, including security and insurance. All of these forces, compounded by the continuing Bay Area economic recession, have created a serious financial crisis.

By the end of 2001, the time had come to consider increasing Golden Gate Bridge tolls for the first time in 11 years. Toll revenues are uniquely allocated at the District — one-half subsidizes bus and ferry services, keeping traffic levels manageable across the span. The other half funds Bridge operations, maintenance, and general administration. Without transit, we would see a 41 percent increase in traffic during the peak commute.

A comprehensive public outreach program was launched to educate the public about our unique organizational structure and fragile economic condition. Projections showed the District-wide shortfall climbing to $434 million in just five years. After seven months of public dialogue, our Board of Directors made the difficult decision to increase the $3 cash toll to $5 for cash paying customers and $4 for FasTrak® users, effective September 1, 2002.

With the toll increase, the projected five-year shortfall was reduced by $138 million, leaving a $296 million shortfall. A comprehensive strategic plan has been developed to fund current and long-term financial needs. Financial stability will be achieved through a balance of deferring capital projects, eliminating discretionary programs and projects, increasing user fees and aggressively cutting costs wherever possible.

We have set reasonable, yet aggressive, goals and are confident that the District can accomplish these goals. Through careful and conscientious management of resources, we will continue to preserve and protect a national treasure and provide outstanding public transportation services.

Celia Kupersmith

Celia G. Kupersmith

Protecting a national treasure.

message from the president

The District has experienced a year of uniquely visible responsibility since the tragic events in New York City and Washington, D.C. on September 11, 2001. As the agency responsible for the internationally recognized Golden Gate Bridge, along with a world-class bus and ferry transit system, District operations have been significantly impacted.

The Golden Gate Bridge stands tall as a symbol of determination, inspiration, and grandeur. Now it also stands as a potential target of terrorism. Protecting this icon and the safety of the more than 50 million people that use this span each year is now more critical than ever before. Protecting the Bridge is a round-the-clock undertaking, with security forces remaining at a constant state of heightened alert since September 11, 2001.

Securing the Golden Gate Bridge includes the mobilization of the members of a dedicated and vigilant multi-agency task force. A number of jurisdictions coordinate to protect the span as it is anchored in federal national parklands on both sides, is geographically located in two counties, Marin and San Francisco, and spans the entrance to San Francisco Bay.

Golden Gate Bridge officers monitor and coordinate all security activities occurring on and near the span; United States Coast Guard cutters and helicopters protect the waters below the span; United States Park Police and National Park Rangers protect the land in which the span is anchored; California Highway Patrol provides policing authority on the roadway and coordinates with Marin County Sheriff's office and San Francisco Police Department for back-up resources; and Federal Bureau of Investigation provides intelligence on terrorist activities.

The renewed focus on protecting our national infrastructure came home loud and clear to Californians on November 8, 2001, when Governor Gray Davis announced the receipt of threats against major suspension bridges in California. The Governor immediately dispatched National Guard troops to the Golden Gate Bridge. This was the first time the Guard has been deployed to the Bridge since World War II when a contingent of 150 troops was assigned to protect the span. Shortly after the Governor's action, the Board of Directors took action to expand District security forces by adding 11 new Bridge Patrol Officer positions. With these positions filled by summer 2002, security efforts were even more focused and vigilant.

In addition to the mammoth duty of security for the Golden Gate Bridge, the District is also responsible for securing a multi-modal transit system, Golden Gate Transit (GGT) and Golden Gate Ferry (GGF), that carries more than 10 million customers annually aboard a fleet of 275 buses and 6 ferries. Enhanced safety and security measures were added to provide an additional level of confidence to the passengers. Staff underwent emergency preparedness training that included new scenarios involving acts of terrorism. New procedures to secure the bus and ferry fleets were developed. We are continuing to conduct research and coordinate with other agencies to identify ways to efficiently and effectively improve transit security measures and infrastructure. Staff leadership from both Bridge and transit operations are closely involved in national initiatives to improve security of transportation services and facilities throughout the United States.

September 11th has made us stronger and even more determined to do the business of providing transportation as safely and securely as we possibly can. In the months surrounding that tragic day, our challenges here at the District have grown to include a budget deficit beyond what had been predicted, necessitating the difficult decision to raise tolls and begin service downsizing. Even with these new challenges, the District remains committed to safety, security and completing the seismic retrofit of the Bridge. We are honored and grateful for the strong support of our state's Governor, the federal agencies we work with, our local area partners who work together for the benefit of all, and our employees. I know I speak for all when I say, "We will never forget."

Harold C. Brown, Jr.

highlights of accomplishments

Significant Progress Made on Seismic Upgrade

Since the Loma Prieta Earthquake struck the Bay Area in 1989, the District has remained keenly focused on finishing the largest engineering design and construction project ever undertaken by the District, an all-inclusive seismic retrofit of the Golden Gate Bridge. Once completed, the retrofit will allow the span to tolerate an earthquake measuring 8.3 Richter magnitude. Funding this $388 million three-phased project is the District's highest priority.

In April 2002, a major project milestone was reached as the first phase of retrofit construction was completed. Funded by $71 million in toll revenue, this first phase retrofitted the 1,080 foot-long north approach viaduct. The five independent spans that comprise the viaduct were linked together to move as one during an earthquake. Below the roadway, out of view of the traveling public, five new support towers that are ten times stronger than the original ones were constructed on new enlarged foundations. Expansion joints and isolation bearings were installed in key locations on the viaduct to decrease the transfer of motion imposed by an earthquake.

In June 2001, the second construction phase began, and it is the most complex part of the project in terms of design and construction. Federal and state funds totaling $157 million were aggressively sought and authorized to complete this phase. This phase, set to be completed in 2005, encompasses structural retrofit of many different types of structures of the south approach: the south approach viaduct, south anchorage housing, Fort Point arch, and south pylons. Retrofit measures developed for each of these structures reflect their individual behavior under seismic ground motions and their interaction at points of interface while accommodating their already-in-place historic configuration.

Without closing the Golden Gate Bridge to traffic, the steel support towers and bottom lateral bracing of the south approach viaduct will be entirely replaced, and seismic isolation bearings and joints will be installed at the roadway level. The west wall of the south anchorage housing will be replaced and massive internal shear walls constructed. Five million pounds of external and internal steel plating will be added to south pylon walls. The historic architectural appearance of the external surfaces of the pylons will remain unchanged with the addition of a new external concrete cover on top of the new plating. The Fort Point arch will be retrofitted with new arch bearings and energy dissipation devices, and isolation joints will be installed. Steel members throughout the entire arch will undergo extensive strengthening.

Not only were immense challenges presented in the design and engineering of this phase of retrofit construction, but the construction site itself presents very unique project limitations. The construction site is located in a very compact area bound on the west by the Pacific Ocean and on the east by very steep slopes. Severe weather including strong wind and high waves are nearly constant. Access consists of two narrow roads that must be shared with thousands of tourists visiting the Golden

REYNALDO MANCILLA
Ferry Maintenance Deckhand

DOLORES CRISTIANI
Temporary Bus Safety and Training Coordinator

Gate Bridge and the Historic Fort Point Site located directly below the Fort Point arch structure of the Bridge. Construction on the arch is limited to four days per week to allow limited visitation to the Site. The small construction staging areas available near the work site further restrict the logistics of the construction operations.

The $160 million third and final phase of construction will retrofit the main span and towers. The District continues to work diligently at the state and federal levels to assure grant funding for this phase. With the potential for funding in early 2003, the project could be completed in 2007.

Earthquake Instrumentation System and Emergency Response

Since 1991, the Golden Gate Bridge has been outfitted with earthquake monitoring equipment through the State of California, Division of Mines and Geology — Strong Motion Instrumentation Program (SMIP). By 1995, the number and location of sensors and recording devices had grown considerably, with 76 seismic sensors placed in various locations across the span and two recording stations located on each of the main towers.

In June 2002, an independent seismic alarm with a direct warning was placed in the Golden Gate Bridge Security Office, the nerve center for emergency response, to aid in rapid response and targeted inspections in the event of an earthquake. During the next two years, 24 sensors and one recording station will be installed on the north approach viaduct structures. After that, 25 additional sensors and a recording station will be added to the south approach viaduct structures.

The equipment measures earthquake ground shaking intensity and Bridge structural response to the shaking. It transmits key data that is used to estimate structural damage and to determine the level of physical inspection required. The data, in conjunction with data from other sources, is also used to better understand earthquake behavior.

In 1997, as a complement to the seismic monitoring system, a comprehensive Earthquake Response Plan was tailor-made for the Golden Gate Bridge. The Plan includes proactive response options triggered by an event such as a nearby potentially damaging earthquake. In the event of an earthquake, a database of on-call emergency contractors can be immediately drawn from to rapidly respond to any assessed damage areas of the Bridge and surrounding structures. When completed in 2003, an in-house computerized analytic system, developed with assistance from International Civil Engineering Inc., will allow post-earthquake inspection data to be evaluated rapidly and assist staff in assessing damage and structural vulnerability.

BECKY MYERS
Transportation Office Supervisor

FasTrak Market Share Continued to Grow

When the Golden Gate Bridge initiated electronic toll collection on July 13, 2000, customers rapidly embraced its convenience, and that customer base continues to grow. FasTrak, as the California electronic toll collection system is named, allows customers to prepay an account and then pay tolls electronically, without having to stop, using a small electronic transponder mounted on the inside of their vehicle windshield. FasTrak is accepted on the Golden Gate Bridge, other California Department of Transportation operated Bay Area bridges, and on several toll facilities in southern California.

By June 30, 2002, just two years after FasTrak implementation, 68,000 accounts were opened, and the daily FasTrak market share average rose to 35 percent, with 40 percent of weekday traffic and 25 percent of weekend traffic using FasTrak. FasTrak use during the peak morning commute reached 60 percent and hit the 35 percent mark in the afternoon commute. The public's overwhelming acceptance of FasTrak has eliminated morning backups, giving commuters an extra 15 to 20 minutes every day.

EUNICE BOLLING
Bus Operator

BETTE JOE
Accounting Manager

Sidewalk Railing Fabrication Completed

Unlike most suspension bridges, the Golden Gate Bridge has two sidewalks that are open to the public. The original design provided an eighteen-inch high steel barrier to separate each sidewalk from the roadway. Today, as many as 4,000 pedestrians and 1,600 cyclists access the sidewalks on weekdays, and the number climbs to as many as 6,600 pedestrians and 5,000 cyclists on weekends. With the number of visitors, bicycle commuters, and joggers steadily on the rise, a railing between the roadway and sidewalks was needed to improve safety conditions by creating a more visible, higher barrier between the sidewalks and the roadway.

Several designs underwent thorough public review in 1999 and 2000. The final design selected will not adversely impact the historic architecture of the Bridge, obscure the spectacular views, impact wind stability, or compromise the safety of motorists, bicyclists, or pedestrians. The four-foot, six-inch high railing will be installed along both sidewalks. The $3.8 million contract was awarded in August 2001, with fabrication of the railing components occurring off-site and installation beginning in November 2002. Installation will be completed by May 2003.

In advance of railing installation, Bridge painters coated the inside surfaces of the curb rails while Bridge ironworkers completed restoration of the curb rail on the south approach by installing six tons of new steel and replacing 7,500 rivets with bolts.

Savings Achieved by Fleet Refurbishment

A new innovative approach to fleet management was undertaken this year when the bus and ferry transit divisions determined that significant capital savings could be achieved by refurbishing specific GGT buses and GGF vessels rather than replacing them with new, more expensive ones.

On the ferry side, a comprehensive evaluation showed that significant savings could be achieved if the three original 725-passenger vessels were refurbished rather than replaced. Previous plans called for their retirement, as they have been in service for 25 years. This year they would receive new engines, and next year funds will be sought to refurbish the vessel interiors.

The first undertaking was to replace the diesel engines with new state-of-the-art diesel engines. A total of six engines (two per vessel) were purchased and installed with a project budget of $2.3 million, with $1.5 million coming from the Bay Area Air Quality Management District through the Carl Moyer Program and the remainder funded by the District. The focus of the statewide Carl Moyer Program is to reduce regional mobile source emissions by providing financial incentives to replace or retrofit older high emission engines with lower emission modern engines. With the new engines installed on the Spauldings, projections show that each vessel would see a reduction in annual emissions of up to 42.63 tons of nitrogen oxides (NOx) and a reduction of approximately .62 tons of particulate matter less than 10 microns in diameter.

HAROLD ELLINGSEN
Bus Servicer

The engines were purchased from Sierra Detroit Diesel Allison Inc. DBA Stewart and Stevenson of San Leandro, CA, and installed by Al Larson Boat Shop, San Pedro, CA. The first engine installation will be completed in July 2002, the second in September 2002, and the third and final vessel in November 2002. Added savings will be achieved by timing the Coast Guard required dry-docking of two vessels with the engine replacement.

On the bus side, funding was successfully secured to fully refurbish and replace the engines in 63 buses purchased in 1991 with new, low emission, clean diesel engines compliant with current California Air Resources Board (CARB) requirements. With the total budget set at $6.3 million, Federal Transit Administration (FTA) grant monies will cover $5 million, and the District will fund $1.3 million.

Mechanics began by creating a "pilot" coach in spring 2002 to use as a model for the remaining coaches. In December 2002, three limited-term employees will be exclusively assigned to this project, and the remaining 62 engines will be replaced over a two-year timeframe.

Bus Replacements Largely Grant Funded

GGT's active fleet includes 275 diesel powered, Americans with Disabilities Act (ADA) accessible buses, many of which are equipped with exterior front-mounted bike racks. In the early 1980s, GGT began systematically replacing buses as they aged with newer, more efficient buses. This year four 30-foot buses made by NovaBUS were purchased to replace four 30-foot Gillig built buses delivered in 1986. The $1.2 million purchase was funded with 81 percent FTA grant funds and 19 percent District funds. In addition, the District entered into a contract with Orion Bus Industries to replace 80 older buses over the next 1.5 years. This $35 million project will be funded with 81 percent federal and 19 percent District funds.

Second High-Speed Ferry Provides Improved Efficiencies

The ferry division's second high-speed catamaran, *M.V. Mendocino*, was introduced into the Larkspur-San Francisco route on September 10, 2001. The Larkspur Ferry schedule was reconfigured to provide 42 crossings per weekday, up from 40, using three vessels in full-time service rather than four, resulting in significant annual savings. Now with two high-speed catamarans in service, the number of high-speed crossings has increased from 16 to 26 per weekday.

Former Board Member Stephan C. Leonoudakis Honored

On Friday, August 24, 2001, the *M.V. Mendocino* was christened and the San Francisco Ferry Terminal was dedicated in honor of retired District Board member Stephan C. Leonoudakis. Leonoudakis was recognized for his efforts as one of the driving forces behind the development of ferry service between Marin and San Francisco in the early 1970s. He was appointed to the Board in December 1962 and championed ferries as an alternative to the automobile throughout his nearly forty years of dedicated service as a District Board member.

Larkspur Terminal Parking Lot Expanded

GGF customers can now take advantage of an additional 210 parking spaces at the Larkspur Ferry Terminal. Construction began October 2001 and was completed January 16, 2002. The lot now has 1,549 spaces, of which 30 are reserved for carpools and 26 for persons with disabilities. This $1 million project was funded with $324,000 in state funds and $676,000 from District funds.

TOM HAWKINS
Building Maintenance Mechanic

YVONNE PIERCE
Senior Buyer

New Ferry Fuel Tested

In spring 2001, the District partnered with the San Francisco Regional Water Transit Authority (WTA) for a first-time-ever demonstration project to test PuriNOx, a blend of diesel fuel and water, on a ferry vessel. The *M.V. Golden Gate* tested the fuel for eleven weeks on its run between Sausalito and San Francisco.

Five years ago Lubrizol Corporation, Cleveland, Ohio, teamed with Caterpillar, Inc. to develop PuriNOx fuel. It is composed of 20 percent water, 77 percent diesel, and the 3 percent additive developed by Lubrizol to bind the water and diesel. The tests showed that reductions in emission levels of nitrogen oxides (NOx) were significant at low power but not appreciable at full power. Further, the number of gallons of fuel used was significantly higher and more expensive than diesel fuel.

The District's role as "guinea pig" was welcomed, as this was a unique opportunity to assist WTA in collecting data as part of the development of their regional ferry expansion plan.

New Fare Payment Program Introduced

On February 1, 2002, Metropolitan Transportation Commission (MTC), the regional funding and planning agency for GGT and GGF, along with five other Bay Area transit agencies introduced the TransLink® regional fare payment system. With TransLink, customers use a single small "smart card" to ride Bay Area buses, trains, light rail lines, and ferries. The nine-county Bay Area is the first region in the U.S. to have a single card that can be used on all forms of public transit.

To participate in the demonstration phase, TransLink equipment was installed on 50 GGT coaches and at GGF ferry terminals. During the six-month demonstration period that ended July 31, 2002, some 3,000 passengers tested the TransLink system on portions of the Bay Area's rail, light-rail, bus and ferry network. GGT bus and GGF ferry passengers recorded more than 80,000 transactions, and user satisfaction was ranked very high. The program will continue in the testing mode while MTC and its partner agencies determine next steps.

EDDIE NUNEZ
Bus Mechanic

New Berth at San Francisco Terminal

Under a new lease arrangement with the Port of San Francisco, a third berth will be added to the Golden Gate Ferry San Francisco Terminal. This year, District funds totaling $350,000 were spent for engineering, design, and construction of the "step-out" section of the berth. The new berth will serve as a "lay-up" facility and reduce costs by minimizing the movement of vessels that are not in service during the midday. The facility will also serve as a backup boarding dock in the event of a power outage or other major failure of the main two berths. The second phase of the project, which includes installation of the floating barge and associated embarkation ramps, is in the planning phases now, and as grant funds become available, this project will likely be completed next year.

Additional District-Wide Highlights

- The year was a year of anniversaries with the Golden Gate Bridge turning 65 on May 27, 2002, Golden Gate Transit celebrating 30 years of transbay bus service on January 1, 2002, and Golden Gate Ferry celebrating 25 years on December 11, 2001.
- The dedicated ferry service between Larkspur and the San Francisco Giants' home at Pacific Bell Park hit the mark this year, with just under 80,000 passengers using the service.

ROSA MILLER
Lead Traffic Checker

STEPHANIE LaRUE
Human Resources Office Specialist

- Ferry mechanics and maintenance deckhands installed new lifesaving equipment on all three Spaulding vessels. New state-of-the-art inflatable lifesaving rafts replaced the older style floats that have been in service on the vessels since their inception in 1976/1977. The new life rafts were purchased with 80 percent FTA and 20 percent District funds. Drills on how to use the new equipment and revised vessel evacuation plans were undertaken.

- Customer-friendly, on-line comment forms with timely responses were developed as a new cost-effective program aimed at expanding customer outreach and education. Options for customers to receive topic specific email alerts were expanded. Email addresses are now tailored to be project specific for more direct customer input.

- Bridge forces completed painting of the main cable sections located under the roadway level, pioneering the use of a new paint coating system.

- Ergonomic retrofits of the driver's area of specific buses were completed in partnership with the seat manufacturer. As a result, it is anticipated that the number of repetitive motion and back injuries will be reduced.

- In June 2001, the District entered into a 15-year agreement with Viacom Outdoor for the purpose of replacing and/or installing new bus shelters along U.S. Highway 101. Viacom also replaced the ferry terminal advertising kiosks with new ones and added kiosks at the San Rafael Transit Center. Next year kiosks will be added at the Novato and Santa Rosa bus facilities.

- The main cable tie-down bolt re-tensioning, a first-time-ever project, was completed. Significant progress was made on renovation of rolling scaffolds.

DEBORAH KEYES
Human Resources Analyst

Editor's note:

The photos in this report are the "Employees of the Month" recognized this Fiscal Year for their outstanding contributions.

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The Board of Directors of the
Golden Gate Bridge, Highway and
Transportation District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the Golden Gate Bridge, Highway and Transportation District (the District) as of and for the years ended June 30, 2002 and 2001, as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002 and 2001, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis beginning on page 12, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

The accompanying supplemental schedule of revenues and expenses by division is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Macias, Gini & Company LLP
Certified Public Accountants

Walnut Creek, California
October 18, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Golden Gate Bridge, Highway and Transportation District's (District) activities and financial performance provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2002 and 2001.

Following this MD&A are the basic financial statements of the District together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

DISTRICT ACTIVITIES HIGHLIGHTS

The booming economy in FY 2000 drove demand for District services to their highest levels ever. The District has seen the contraction of those service levels that began in FY 2001 continuing through FY 2002 due to the sluggish economy.

	2002	2001	2000
Total Vehicle Crossings (southbound)	20,347,396	21,083,874	21,232,668
% increase/(decrease)	-3.5%	-0.7%	
Bus Patronage	8,937,802	9,522,907	9,530,680
% increase/(decrease)	-6.1%	-0.1%	
Ferry Patronage	1,652,013	1,885,618	1,862,151
% increase/(decrease)	-12.4%	1.3%	
Club Bus Riders	123,545	130,980	136,291
% increase/(decrease)	-5.7%	-3.9%	

The District is based in San Francisco and consists of four operating divisions: Bridge, Bus, Ferry, and Rail, and an administrative District division. Overseeing more than 900 full time equivalent employees who work together in the public interest, the General Manager coordinates the operations of all divisions according to the policy and direction of the District Board of Directors. The District Board of Directors consists of 19 members representing the six member counties: San Francisco, Marin, Sonoma, Del Norte, and parts of Mendocino and Napa Counties. Approximately 41 million vehicles cross the Golden Gate Bridge and 11 million customers ride Golden Gate Transit each year.

The District is also unique among Bay Area transit operations because it provides transit services without support from direct sales tax measures or dedicated general funds. As the District does not have the authority to levy taxes, the use of surplus Bridge toll revenue is the only available local means the District has to support the District's transbay transit services. Presently, Golden Gate Transit bus and ferry operations are funded approximately 47 percent by surplus Golden Gate Bridge tolls and 26 percent by transit fares. The remainder is primarily met by state and local funds received from Marin and Sonoma counties for the provision of transit services.

FINANCIAL POSITION SUMMARY

Total net assets serve over time as a useful indicator of the District's financial position. The District's assets exceed liabilities by $320.0 million as of June 30, 2002, a $14.1 million increase from June 30, 2001.

A condensed summary of the District's net assets at June 30 is shown below (in thousands):

	2002	2001	2000
ASSETS:			
Current and other assets	$113,371	$113,062	$ 62,973
Capital assets	312,824	289,163	269,953
Total assets	426,195	402,225	332,926
LIABILITIES:			
Current liabilities	26,906	18,205	13,891
Short-term debt outstanding	61,000	61,000	-
Other non current liabilities	18,242	17,110	19,726
Total liabilities	106,148	96,315	33,617
NET ASSETS:			
Invested in capital assets, net of debt	251,824	228,163	269,953
Restricted for debt requirements	13,508	19,943	-
Unrestricted	54,715	57,804	29,356
TOTAL NET ASSETS	$320,047	$305,910	$299,309

The largest portion of the District's net assets each year (78.7% at June 30, 2002) represents its investment in capital assets (e.g., bridge, buses, ferries, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The District uses these capital assets to provide services to its patrons, passengers and visitors to the Golden Gate Bridge. Although the District's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the District's net assets (4.2% at June 30, 2002) represents resources that are subject to external restrictions on how they can be used under Bond resolutions and State regulations. The remaining unrestricted net assets (17.1% at June 30, 2002) may be used to meet the District's capital and ongoing obligations.

FINANCIAL OPERATIONS HIGHLIGHTS

- Operating Revenues decreased by 2.1% from $86.3 million to $84.5 million, principally due to decreased ridership from the current economic recession.
- Operating Expenses before depreciation increased by 5.9% from $103.8 million to $110.0 million as a result of the increased expenses associated with large increases in insurance costs due to the hardening of the national insurance market, salary increases, and higher nation-wide employee health benefit costs.
- As a result of the above, the operating loss before depreciation increased by 45.7% or $8.0 million from 2001. Depreciation increased from $12.9 million in 2001 to $13.7 million in 2002 as a result of new equipment and vehicles being placed in service which included fourteen replacement buses and the M.V. Mendocino ferry.
- Non-Operating Income (Expenses) increased from a net revenue of $22.9 million in 2001 to a net revenue of $23.5 in 2002 due principally to an increase in state operating assistance.
- Capital contributions received in the form of grants from the Federal and State governments increased from $14.1 million in 2001 to $29.9 million in 2002.

SUMMARY OF CHANGES IN NET ASSETS (in thousands)

	2002	2001	2000
Operating revenues	$ 84,458	$ 86,336	$ 85,517
Operating expenses	(109,974)	(103,833)	(93,059)
Excess before depreciation and other non-operating income and expenses	(25,516)	(17,497)	(7,542)
Depreciation	(13,747)	(12,884)	(12,216)
Operating loss	(39,263)	(30,381)	(19,758)
Other non-operating income and expenses, net	23,539	22,863	17,704
Loss before capital contributions	(15,724)	(7,518)	(2,054)
Capital contributions	29,861	14,119	6,511
Increase in net assets	$ 14,137	$ 6,601	$ 4,457

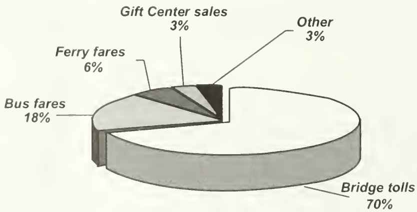
DISTRICT TOLLS AND FARES

Golden Gate Bridge tolls are set by Board Policy and changed when determined necessary by the Board. In June of 2002, the District Board approved a 66% increase in the cash Bridge toll to $5.00 and a 33% increase in the FasTrak toll to $4.00, effective September 1, 2002. The District Board established a policy in 1999 that increased transit fares by the local Consumer Price Index for five years. In 2002, the third year of that policy, fares were increased by 5.4%. The tolls and fares were as follows:

	2002	2001	2000
Average Bridge toll	$2.91	$2.81	$2.80
Average Bus fare	$1.65	$1.69	$1.63
Average Ferry fare	$3.17	$2.98	$2.87

REVENUES

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2002, (tolls, transit fares, gift center and other):



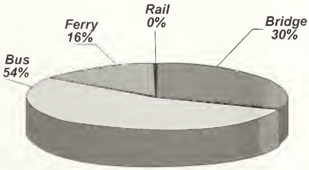
A summary of revenues for the year ended June 30, 2002, and the amount and percentage of change in relation to prior year amounts is as follows (in thousands):

	2002 Amount	Percent of Total	Increase/ (Decrease) From 2001	Percent Increase/ (Decrease)
Operating:				
Bridge tolls	$ 59,289	43.0%	$ 109	0.2%
Bus fares	14,751	10.7%	(1,321)	(8.2%)
Ferry fares	5,235	3.8%	(385)	(6.9%)
Gift Center sales	2,487	1.8%	(564)	(18.5%)
Other	2,696	2.0%	283	11.7%
Total Operating	84,458	61.3%	(1,878)	(2.2%)
Non-Operating:				
Operating assistance	19,151	13.9%	2,765	16.9%
Investment income	4,388	3.2%	(2,089)	(32.3%)
Total Non-Operating	23,539	17.1%	676	3.0%
Capital contributions	29,861	21.7%	15,742	111.5%
TOTAL REVENUES	$137,858	100.0%	$ 14,540	11.8%

The operating assistance increase of 16.9% is mainly attributable to the $1.4 million increase in Transportation Development Act assistance and a $1 million increase in State Transit Assistance. The investment income decrease of 32.3% is mainly attributable to the negative impact of the sluggish economy on interest rates on investments held by the District. Capital contributions have increased by 111.5% due to the funding of seismic retrofit construction.

EXPENSES

The following chart shows the major cost centers and the percentage of operating expenses for the year ended June 30, 2002:



A summary of expenses for the year ended June 30, 2002, and the amount and percentage of change in relation to prior year amounts is as follows:

	2002 Amount	Percent of Total	Increase/ (Decrease) From 2001	Percent Increase/ (Decrease)
Operating:				
Bridge	$ 33,388	27.0%	$ 1,692	5.3%
Bus	59,347	48.0%	4,198	7.6%
Ferry	17,085	13.8%	178	1.1%
Rail	154	0.1%	73	90.1%
Total Operating	109,974	88.9%	6,141	5.9%
Depreciation	13,747	11.1%	863	6.7%
TOTAL EXPENSES	$ 123,721	100.0%	$ 7,004	6.0%

The 5.3% increase in bridge operating expenses is mainly attributable to the increased labor and benefit costs plus higher insurance premiums. The 7.6% increase in bus operating expenses is also attributable to increased labor and benefit costs plus workers compensation costs.

SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with a maturity of three months or less.

	2002	2001	2000
Cash flow from operating activities	$(19,956)	$(17,745)	$(10,302)
Cash flow from non capital financing activities	16,476	16,339	14,615
Cash flow from capital and related financing activities	(9,370)	41,209	(36,148)
Cash flow from investing activities	(2,346)	22,835	15,417
Net increase (decrease) in cash and cash equivalents	(15,196)	62,638	(16,418)
Cash and cash equivalents, beginning of year	69,263	6,625	23,043
Cash and cash equivalents, end of year	$ 54,067	$ 69,263	$ 6,625

The District's available cash and cash equivalents decreased from $69.3 million at the end of 2001 to $54.1 million at the end of 2002. This was due primarily to the financing of capital projects.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and construction-in-progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See the notes to the financial statements for a summary of the District's significant accounting policies.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2002, the District expended $37.7 million on capital activities. This included major construction projects, principally the seismic retrofit project ($28.8 million), public safety railing ($1.2 million), four replacement buses ($1.2 million) and ferry engine repowering ($1.0 million).

During 2002, completed projects totaling $17.3 million were closed from construction-in-progress to their respective capital asset accounts. The major completed projects were the M.V. Mendocino ($9.9 million) and fourteen replacement buses ($4.6 million).

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including Federal grants, with matching State grants and District reserve funds, debt issuance, and District revenues. Additional information on the District's capital assets and commitments can be found in the notes to the financial statements.

DEBT ADMINISTRATION

On July 12, 2001, the District issued commercial paper notes (Notes) in Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The Notes are secured by a pledge of the District's revenues and two dedicated reserves, and additionally secured by a line of credit. Under this program, the District is able to issue Notes at prevailing interest rates for period of maturity not to exceed 270 days. At June 30, 2002, $61,000,000 in Notes was outstanding and maturing within 30 to 270 days, with interest ranging from 1.2% to 2.7%. Under the terms of the debt indenture, the District is not required to repay principal on the Notes until the maturity date. However, the Notes may be paid from the proceeds of the resale of the Notes or loans from the bank pursuant to the Line of Credit Agreement.

CREDIT RATINGS AND BOND ISSUANCE

Standard & Poor's and Fitch gave the District's Notes issued on July 12, 2000, the highest credit rating (AA- and AA- respectively) in the nation for a single toll facility. In issuing their rating, Fitch wrote the following about the District:

> *Golden Gate Bridge, Highway and Transportation District Commercial Paper Notes, Series A and Series B are rated "F1+" by Fitch...The long-term "AA-" unsecured debt rating reflects the District's strong economic and financial position.*
>
> *...The implied "AA-" long-term rating reflects the District's position as a unique regional and national transportation asset. The Golden Gate Bridge is a critical transportation link with a stable and mature base of traffic. While the single source nature of the primary stream of revenues is a key rating constraint, the monopolistic characteristics of the bridge and the District's public transit operations from the northern counties of Marin and Sonoma to San Francisco solidify its control over that vital corridor and strengthen its overall credit profile. The District's significant ratemaking flexibility and demonstrated willingness to raise tolls are also valuable credit strengths. Other important rating considerations are the levels of insurance and reserves, and the limited amount of debt planned in support of scheduled capital improvements.*

In connection with the sale of the commercial paper, the District has secured a Line of Credit with J.P. Morgan to guarantee the payment of interest when due. As additional security, the District established both an Operating Reserve Fund and a Debt Service Reserve Fund.

Change in credit rating

On October 9, 2002, Fitch cited the weakening in the local and national economy, the resulting weakening in District revenues and increase in expenses, and its reliance on a single asset as reason to change the District's long-term rating to A+. The short-term rate was changed to F1 due to these economic and financial changes and the change in J. P. Morgan's rating, the provider of the liquidity facility. The resulting A+ rating is still the highest for an organization of the District's size and structure. At the time of publication, Standard & Poor's had taken no action.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at Box 9000, Presidio Station, San Francisco, California 94129-0601.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF NET ASSETS
JUNE 30, 2002 AND 2001 (In thousands)

	2002	2001
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$ 40,559	$ 49,108
Investments	40,248	32,807
Capital and operating grants receivable	10,055	2,722
Accounts receivable	3,641	3,500
Maintenance inventories and supplies - at average cost	3,060	3,223
Prepaid expenses	1,879	1,120
Total unrestricted assets	99,442	92,480
Restricted assets:		
Cash and cash equivalents	13,508	20,155
Total current assets	112,950	112,635
NONCURRENT ASSETS:		
Capital assets		
Nondepreciable capital assets:		
Land	18,026	18,026
Construction in progress	122,075	101,347
Total nondepreciable capital assets	140,101	119,373
Depreciable capital assets:		
Property and equipment:		
Bridge, related buildings and equipment	163,476	162,311
Bus transit property and equipment	108,682	108,326
Ferry transit property and equipment	78,911	68,289
Rail transit property and equipment	441	441
Accumulated depreciation	(178,787)	(169,577)
Total depreciable capital assets	172,723	169,790
Total capital assets	312,824	289,163
Other assets	421	427
Total noncurrent assets	313,245	289,590
TOTAL ASSETS	$ 426,195	$ 402,225

	2002	2001
LIABILITIES:		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	$ 11,925	$ 7,258
Accrued liabilities	2,511	2,021
Deferred revenue	3,451	1,686
Accrued compensated absences	736	816
Contract retentions	2,840	1,600
Self-insurance liabilities	5,443	4,612
Total payable from unrestricted assets	26,906	17,993
Payable from restricted assets:		
Construction contracts payable	-	103
Contract retentions	-	109
Commercial notes payable	61,000	61,000
Total payable from restricted assets	61,000	61,212
Total current liabilities	87,906	79,205
NONCURRENT LIABILITIES:		
Accrued compensated absences	6,626	6,012
Self-insurance liabilities	11,616	11,098
Total noncurrent liabilities	18,242	17,110
TOTAL LIABILITIES	106,148	96,315
NET ASSETS:		
Invested in capital assets, net of related debt	251,824	228,163
Restricted for debt requirements	13,508	19,943
Unrestricted	54,715	57,804
TOTAL NET ASSETS	$ 320,047	$ 305,910

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2002 AND 2001 (In thousands)

	2002	2001
OPERATING REVENUES:		
Bridge tolls	$ 59,289	$ 59,180
Transit fares	19,986	21,692
Gift center sales	2,487	3,051
Other operating income	2,696	2,413
Total operating revenues	84,458	86,336
OPERATING EXPENSES:		
Operations	63,085	58,421
Maintenance	24,906	25,014
General and administrative	21,983	20,398
Depreciation	13,747	12,884
Total operating expenses	123,721	116,717
OPERATING LOSS	(39,263)	(30,381)
NONOPERATING REVENUES (EXPENSES):		
Pass-through federal capital assistance:		
Translink and paratransit assistance	6,151	1,651
Translink and paratransit assistance pass-through	(6,151)	(1,651)
Operating assistance:		
State operating assistance	18,947	16,544
Federal operating assistance	282	93
Local operating assistance	(78)	(251)
Total operating assistance	19,151	16,386
Investment income	4,388	6,477
Total nonoperating revenues	23,539	22,863
LOSS BEFORE CAPITAL CONTRIBUTIONS	(15,724)	(7,518)
CAPITAL CONTRIBUTIONS	29,861	14,119
INCREASE IN NET ASSETS	14,137	6,601
NET ASSETS, Beginning of year	305,910	299,309
NET ASSETS, End of year	$ 320,047	$ 305,910

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2002 AND 2001 (In thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	$ 84,922	$ 87,074
Cash payments to suppliers for goods and services	(26,221)	(25,546)
Cash payments to employees for services	(78,657)	(79,273)
Net cash used in operating activities	(19,956)	(17,745)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	16,476	16,339
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions received	32,405	13,306
Capital grants disbursed to other agencies	(6,151)	(1,651)
Proceeds from commercial paper notes	-	61,000
Interest paid	(1,037)	(2,165)
Proceeds from sale of capital assets	493	-
Purchase of capital assets	(35,080)	(29,281)
Net cash provided by (used in) capital and related financing activities	(9,370)	41,209
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investment securities	(5,105)	17,849
Investment income received	2,759	4,986
Net cash provided by (used in) investing activities	(2,346)	22,835
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(15,196)	62,638
CASH AND EQUIVALENTS, Beginning of year	69,263	6,625
CASH AND EQUIVALENTS, End of year	$ 54,067	$ 69,263
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (39,263)	$ (30,381)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	13,747	12,884
Loss from disposal of property and equipment	-	(17)
Effect of changes in:		
Accounts receivable	(256)	(119)
Inventory and supplies	163	(45)
Other current assets	(753)	(3)
Trade accounts payable	3,319	795
Self-insurance liabilities	1,349	(1,752)
Other liabilities	1,204	975
Accrued compensated absences	534	(82)
Net cash used in operating activities	$ (19,956)	$ (17,745)
Supplemental disclosures of cash flow information:		
Noncash investing activities:		
Increase in fair value of investments	$ 230	$ 2,336

See accompanying notes to the financial statements.

(1) ORGANIZATION

The Golden Gate Bridge, Highway and Transportation District (the District) is a political subdivision of the State of California created by the legislature in 1923 and subject to regulation under the Bridge and Highway District Act, as amended. The District operates: 1) the Golden Gate Bridge, 2) bus services, primarily in Marin, San Francisco and Sonoma counties and 3) ferry service between Marin and San Francisco counties. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and certain counties within the District. The District is composed of five divisions including the District Division, the Bridge Division, the Bus Division, the Ferry Division and the Rail Division. The District Division has no revenues and all of its expenses are allocated to general and administrative expenses of the other Divisions (see Note 13).

(2) SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The District's reporting entity includes all activities of the District.

Basis of Accounting – The District is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The District has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District also has the option of following subsequent private-sector guidance, subject to the same limitation. The District has elected not to follow subsequent private-
sector guidance.

Cash Equivalents – The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (see Note 3).

Investments – are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools (see Note 3).

Restricted Assets – consist of monies and other resources which are legally restricted as described below:

Construction Fund – These assets represent debt proceeds that are restricted for designated capital projects and cannot be expended for any other item.

Special Operating Fund – These assets represent assets that are restricted for the Bridge Division operating expenses and principal of and interest on the commercial paper notes which must be at least equal to the lesser of $12,000,000 or 12% of the principal amount of all notes then outstanding.

Debt Reserve Fund – These assets represent the commercial paper notes' proceeds held in a Debt Reserve Account which must be at least equal to the lesser of 125% of average annual debt service on all notes then outstanding or 10% of the principal amount of all notes then outstanding.

Capital assets are recorded at cost. The District defines capital assets as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Major additions and replacements are capitalized. Maintenance, repairs and additions of a minor nature are expensed as incurred. The costs of acquisition and construction of equipment and facilities are recorded in construction in progress until such assets are completed and placed in service, at which time the District commences recording depreciation expense.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Bridge structural components	100 years
Bridge buildings, toll plaza structure, deck and approach roadways and sidewalks	50 years
Bridge transponders	3 years
Buses	12 years
Ferry boats	40 years
Other transit property	5 - 40 years

Capitalization of interest – Interest costs incurred that relate to the acquisition or construction of property and equipment acquired with tax-exempt debt is capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested debt proceeds over the same period. Capitalized interest cost is prorated to completed projects based on the completion date of each project.

Operating assistance grants are recorded as revenue when earned.

Capital contributions – The District has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the District's buses, ferries and transit facilities. The District also has contracts with CalTrans for State Transit Assistance funds, which are used either to match Federal Transit Administration grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for property and equipment acquisition and facility development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after non-operating revenues and expenses as capital contributions.

The District's capital contributions for the years ended June 30, 2002 and 2001 are as follows (in thousands):

	Bridge Division	Bus Division	Ferry Division	Rail Division	Total
Capital contributions in fiscal 2001:					
U.S. Department of Transportation	$ 1,286	$ 4,652	$ 7,018	$ --	$ 12,956
State Transit Assistance	--	86	1,062	15	1,163
Total capital contributions	$ 1,286	$ 4,738	$ 8,080	$ 15	$ 14,119
Capital contributions in fiscal 2002:					
U.S. Department of Transportation	$ 23,038	$ 1,624	$ 934	$ --	$ 25,596
State Transit Assistance	3,844	(19)	440	--	4,265
Total capital contributions	$ 26,882	$ 1,605	$ 1,374	$ --	$ 29,861

Accrued Compensated Absences – Accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses consists of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

Net Assets comprise the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of

invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

Unrestricted net assets – This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". This component includes net assets that may be allocated for specific purposes by the Board of Directors (see note 12).

Pension Plans – The District participates in several pension plans covering all employees. Certain union members are covered under single employer or multi-employer plans while other union and nonunion employees participate in the State of California's Public Employees' Retirement System. Pension contributions are based on rates established by negotiated labor contracts or by the actual plans. The District's policy is to fund pension costs as accrued (see Note 8).

Postretirement Health Care Benefits – The District provides postretirement health care benefits to certain employees and their dependents. The District recognizes the expense for such costs on a pay-as-you-go basis (see Note 9).

Use of Estimates – Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

(3) CASH AND INVESTMENTS

The District maintains cash and investments that are available for general use subject to prior Board designations and debt covenant restrictions.

Cash and Deposits – At June 30, 2002 and 2001, the District's cash on hand was $462,000 and $361,000, respectively. At June 30, 2002 (and 2001), the carrying amount of the District's deposits was $1,893,000 (2001, $442,000). The corresponding bank balance was $6,154,000 (2001, $981,000). Of the bank balance, $318,000 (2001, $171,000) was covered by federal depository insurance, $4,478,000 (2001, $432,000) was covered by collateral held in the pledging bank's trust department or by the agent in the District's name, and $1,358,000 (2001, $378,000) was uninsured and uncollateralized. In addition, at June 30, 2002 and 2001, the District had non-negotiable certificates of deposits in the amount of $898,000 and $999,000, respectively that was covered by federal depository insurance.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The District may waive collateral requirements for deposits that are fully insured up to $100,000 by federal depository insurance.

Investments – Statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, and the state treasurer's investment pool. The District did not enter into reverse repurchase agreements during the years ended June 30, 2002 and 2001.

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at June 30, 2002 and 2001. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District had Category 1 and noncategorized investments at June 30, 2002 and 2001.

As of June 30, 2002 and 2001, the District's investment in the state treasurer's investment pool (LAIF) is $37,604,000 and $29,500,000, respectively. The total amount invested by all public agencies in LAIF at those dates is $47,719,553,000 and $54,496,268,000, respectively. Of that amount, 96.91% and 95.49% is invested in non-derivative financial products and 3.09% and 4.51% in structured notes and asset-backed securities as of June 30, 2002 and 2001, respectively. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

At June 30, 2002 and 2001, cash and investments were comprised of the following (in throusands):

	2002	2001
Federal agency obligations	$ 13,682	$ 13,475
Municipal bonds	5,663	7,649
Corporate commercial paper	14,043	28,993
Corporate bonds	20,005	19,468
Banker's acceptance	--	1,999
Total category 1 investments	53,393	71,584
Cash on hand	462	361
Demand deposits (overdrafts)	1,893	(442)
Non-negotiable certificates of deposit	898	999
Investment in state treasurer's investment pool	37,604	29,500
Money market mutual funds	65	68
Total	$ 94,315	$102,070
Reported as:		
Unrestricted:		
Cash and cash equivalents	$ 40,559	$ 49,108
Investments	40,248	32,807
Total unrestricted cash and investments	80,807	81,915
Restricted:		
Construction fund	--	6,793
Special operating fund	7,571	7,572
Debt service reserve fund	5,937	5,790
Total restricted cash and investments	13,508	20,155
Total cash and investments	$ 94,315	$102,070

(8) PENSION PLANS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description – All permanent District employees (except bus and ferry operators and deckhands) are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CALPERS). The Fund is an agent multi-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and the monthly average of the highest twelve consecutive months of compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established by state statute. Copies of the Fund's annual financial report may be obtained from CALPERS' executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy – Active plan members in the CALPERS are required to contribute 7.0% of their annual covered salary. In addition, the District is required to contribute at an actuarially determined rate. Based on the actuarial valuation as of June 30, 1999, 1998, and 1997, there are no projected contributions required for fiscal years 2002, 2001, and 2000, respectively. The contribution requirements of plan members and the District are established by State statute and the employer contribution rate is established and may be amended by CALPERS.

Annual Pension Cost – For fiscal years ended June 30, 2002, 2001 and 2000, the District's employer actual annual pension costs for CALPERS is zero. The required contribution was determined as part of the June 30, 1999, 1998 and 1997 actuarial valuations, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of CALPERS assets was determined using techniques that smoothes the effects of short-term volatility in the market value of investments over a 3-year period. CALPERS overfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 1999 is 37 years.

Funding progress information for the District for 2002 is unavailable as of the date of this report.

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Excess Assets	Funded Radio	Annual Covered Payroll	Excess Assets as a % of Payroll
6/30/99	$ 164,077	$ 132,944	$ 31,133	123.4%	$ 28,349	109.8%
6/30/00	178,005	140,777	37,228	126.4%	29,910	124.5%
6/30/01	182,590	155,100	27,490	117.7%	31,486	87.3%

GOLDEN GATE TRANSIT– AMALGAMATED RETIREMENT PLAN

Plan Description – The District's bus operators participate in the Golden Gate Transit - Amalgamated Retirement Plan (GGT-ARP), a single employer defined benefit pension plan funded by the District and administered by a Board of Trustees consisting of District and union representatives. This plan provides retirement, disability and death benefits based on employees' age, years of service, and average compensation. Employees may receive normal retirement benefits based on a predetermined formula. Copies of the GGT-ARP's annual financial report may be obtained from the District.

Funding Policy – The District's contribution to the Plan is a result of collective bargaining. Through July 22, 1999, the contribution rate was 15.165% of eligible earnings. After July 22, 1999, the District was not required to make contributions to GGT-ARP. If the plan actuary determines at the end of any plan year that the actuarial value is less than 105% of the actuarial liability, then the District's contribution for the plan year will be 15.165%. Additionally, the District's contribution will return to 15.165% effective February 28, 2005, unless the District and the union agree otherwise. There is no provision for employee contributions.

Annual Pension Cost – For the fiscal years ended June 30, 2002 and 2001, the District's annual pension cost for the GGT-ARP was equal to the negotiated contribution amount and actuarially required contribution. The actuarial cost method for determining the annual pension cost was the entry age normal cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of investment expenses), (b) projected 6.0% of annual salary increases that includes a 1.0% increase for seniority wage increases.

The actuarial value of assets was determined using a method that smoothes the effects of short-term volatility in the market value of investments by recognizing one-third of the difference between the expected actuarial value of assets and the market value of assets.

The District's funding progress information as of January 1, 2002 is illustrated as follows:

SCHEDULE OF FUNDING PROGRESS (in thousands)

Valuation Date	Acturial Value of Assets	Entry Age Normal Accrued Liability	Surplus	Funded Ratio	Annual Covered Payroll	Surplus as a % of Payroll
1/1/00	$ 110,401	$ 80,190	$ 30,211	137.7%	$ 17,901	168.8%
1/1/01	119,091	91,667	27,424	129.9%	20,085	136.5%
1/1/02	118,198	101,643	16,555	116.3%	21,689	76.3%

Actuarially Determined Contributions Required and Contributions Made – The District's contributions to GGT-ARP for the years ended June 30, 2002, 2001 and 2000 are the result of collective bargaining. The total pension expense and funded contribution were $0, $0, and $189,000 for the years ended June 30, 2002, 2001 and 2000, respectively (0%, 0%, and 15.2% of current covered payroll of $22,093,000, $20,285,000, and $18,776,000 for 2002, 2001 and 2000, respectively).

OTHER RETIREMENT PLANS

The District's ferry operators and deckhands participate in the Inlandboatmen's Union of the Pacific National Pension Plan (Inlandboatmen's) or the MEBA Towboat Operators Pension Trust (MEBA). Inlandboatmen's and MEBA are union-administered cost-sharing multiple-employer defined benefit pension plans in which the District is a participant. Pension expense for the Inlandboatmen's plan was $217,000, $195,000, and $149,000 for the years ended June 30, 2002, 2001, and 2000, respectively. The District contributed to Inlandboatmen's 8.5%, 8.1%, and 6.8% of payroll for covered employees for the years ended June 30, 2002, 2001, and 2000, respectively. The District's covered payroll for employees participating in this plan was $2,570,000, $2,404,000, and $2,182,000 for the years ended June 30, 2002, 2001, and 2000, respectively. Pension expense for the MEBA plan was $110,000, $113,000, and $95,000 for the years ended June 30, 2002, 2001, and 2000, respectively. The District contributed to MEBA 9.1%, 8.4%, and 8.1% of payroll for covered employees for the years ended June 30, 2002, 2001, and 2000, respectively. The District's covered payroll for employees participating in this plan was $1,204,000, $1,347,000, and $1,168,000 for the years ended June 30, 2002, 2001, and 2000, respectively.

(9) POSTRETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 8, the District provides postretirement health care benefits. The benefits are provided to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. For those employees age 55 with at least 15 years of service, survivor and dependent care benefits are also received. If the employee began employment at the District prior to January 1, 1983, the benefits are provided on or after attaining age 50 with at least 5 years of service. Currently 505 retirees meet the eligibility requirements. Retirees under the age of 60 who choose a Preferred Provider rather than a Health Maintenance Organization are required to pay $145.00 per month for family coverage. For single coverage, the premium is $72.50 per month. Between the age of 60 and 65, the retiree is responsible for only the cost of the Medicare contribution, or $50.00 per month. Retirees under the age of 60 enrolled in an HMO will pay only the Medicare contribution rate. Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. Postretirement health care benefits expense was $2,518,000 and $2,673,000 for the years ended June 30, 2002 and 2001, respectively.

(10) SELF INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; natural disasters; employee, retiree and dependent health benefits. The District is self-insured for its general liability, workers' compensation, auto liability and public transportation liabilities. The District has set aside reserves for claim settlements associated with the above risks of loss up to certain limits.

Self-insurance and limits are as follows:

Type of Coverage	Self-Insurance	Excess Coverage
General vehicle liability	$3,000,000 per occurrence	$75,000,000/ $75,000,000 annual aggregate
Workers' compensation	$350,000 per claim	Statutory limits excess of self insurance
Health benefits	$150,000 per individual	Stop loss above $150,000
Northwestern Pacific Railroad Right of Way property	$10,000 per occurrence	$1,000,000 per occurrence/annual aggregate
Boiler and machinery	$500 per accident	$1,000,000 per occurrence
Bus Fleet	$250,000 per occurrence	$15,000,000 per occurrence
Property (earthquake/flood)	$10,000 per occurrence, 5% per structure	$45,000,000 per occurrence/annual aggregate
Property (bridge structure)	$15,000,000 per occurrence	$25,000,000 per occurrence
Bridge use and occupancy	30 days	$25,000,000 per occurrence
Ferry Hull, Machinery	$250,000 annual	$1,000,000 per occurrence
Marine	$100,000 annual aggregate	$75,000,000 per occurrence
Crime and dishonesty	$25,000 per occurrence	$1,000,000 Computer Fraud, Faithful Performance. $500,000 Money & Securities - Toll Plaza, Depositor's Forgery $15,000 Money & Securities, Other all per occurrence/annual aggregate.
Public officials liability	$100,000 per occurrence	$5,000,000 per occurrence/annual aggregate

Effective April 8, 2002, the District reduced its coverage of the Property (bridge structure) from $100,000,000 to $25,000,000 per occurrence/annual aggregate. Coverage under the new policy specifically excludes acts of terrorism. The District's decision to reduce its coverage was driven by a reduced number of large-scale structure insurers in the post-September 11 environment and a substantial increase in premium costs. During the past three years there have been no instances where the amount of claim settlements exceeded insurance coverage.

The District's estimated self-insurance liability is based on requirements of GASB Statements No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The actuarially determined liability includes allocated expenses and a provision for incurred but not reported claims.

Changes in the balances of claims liabilities for the years ended June 30, 2002 and 2001 are as follows (in thousands):

	2002	2001
Self-insurance liabilities, beginning of fiscal year	$ 15,710	$ 17,462
Incurred claims and changes in estimates	7,991	4,241
Claim payments and related costs	(6,642)	(5,993)
Total self-insured claims liabilities	17,059	15,710
Less current portion	(5,443)	(4,612)
Non-current portion	$ 11,616	$ 11,098

(11) RELATED PARTY TRANSACTIONS

Northwestern Pacific Railroad Authority – The District entered into a joint powers agreement creating the Northwestern Pacific Railroad Authority (NWPRA), to obtain and hold title to land necessary to complete the Northwestern Right of Way project. The members of NWPRA are the District, the North Cost Railroad Authority (NCRA) and the County of Marin. The Board of the NWPRA is comprised of seven members; two appointed by the Board of Supervisors of Marin County, two

appointed by the Board of NCRA and three appointed by the District. The NWPRA does not operate the right-of-way railroad, but does own, maintain and permit rail operations by third parties. Any debt of the NWPRA is not the debt of the members of NWPRA. The NWPRA completed the purchase of the right of way on April 29, 1996, which consisted of the Healdsburg and Lombard segments.

The District has been appointed managing agency for the NWPRA and provides administrative personnel and facilities. The District was reimbursed for such services in fiscal years 2002 and 2001 in the amount of $213,963 and $246,000, respectively. The District has total receivables from NWPRA of $21,000 and $18,000 at June 30, 2002 and 2001, respectively, for advances for administrative support.

Summary financial information for NWPRA is as follows (in thousands):

	2002	2001
As of June 30:		
Total assets	$ 23,420	$ 23,639
Total liabilities	283	303
Equity	$ 23,137	$ 23,336
For the years ended June 30,		
Operating revenues	$ 247	$ 769
Operating expenses	465	506
Operating income (loss)	(218)	263
Investment income	19	14
Other revenue	--	19
Excess of revenues over (under) expenses	(199)	296
Depreciation on fixed assets acquired with capital grants	108	97
Net income (loss)	$ (91)	$ 393

(12) DESIGNATION OF DISTRICT FUNDS

The Board of Directors has designated available funds for seismic retrofit of the Bridge, other Bridge maintenance and transit capital projects. In addition, the Board has designated funds due to the legal requirements of the commercial paper program, possible operational emergencies and self insured losses.

(13) ALLOCATION OF DISTRICT DIVISION EXPENSE

For the years ended June 30, 2002 and 2001, District Division expense has been allocated to the operating divisions (included in general and administrative expenses) by resolution of the Board of Directors as follows (in thousands):

	2002	2001
Bridge	$ 6,034	$ 6,162
Bus	5,208	4,754
Ferry	1,594	1,492
Rail	12	10
Total	$ 12,848	$ 12,418

(14) ENVIRONMENTAL REMEDIATION

During 1992, the District discovered lead contamination in the soil beneath the north and south approaches to the Bridge. The District entered into a Voluntary Cleanup Agreement (VCA) with the State of California Department of Toxic Substances Control to effect a Remedial Action Plan for the first phase of a two-phased cleanup program and a Remedial Investigation (RI) for the second phase. The District has completed the Phase I cleanup under the VCA and has expensed approximately $6.5 million for that work. The VCA requires that the District complete a RI of the phase II areas, but does not require the District to actually complete the remediation. It is likely that remediation will be required under Phase II; however, the VCA identifies two other Potential Responsible Parties, the National Park Service and the U.S. Army, who will likely be required to share in any costs associated with the Phase II remediation. Because the RI has not been completed in these areas, it is not possible at this time to determine any potential cleanup costs for Phase II, and what the District's share of those costs might be.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION (NON-GAAP BASIS)
YEARS ENDED JUNE 30, 2002 AND 2001 (In thousands)

	Total		Bridge Division		Bus Division		Ferry Division		Rail Division	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
OPERATING REVENUES:										
Bridge tolls	$ 59,289	$ 59,180	$ 59,289	$ 59,180	$ -	$ -	$ -	$ -	$ -	$ -
Transit fares	19,986	21,692	-	-	14,751	16,072	5,235	5,620	-	-
Gift center sales	2,487	3,051	2,487	3,051	-	-	-	-	-	-
Other operating income	2,696	2,413	252	327	1,780	1,637	550	370	114	79
Total operating revenues	84,458	86,336	62,028	62,558	16,531	17,709	5,785	5,990	114	79
OPERATING EXPENSES:										
Operations	63,085	58,421	14,465	12,621	38,316	35,744	10,304	10,056	-	-
Maintenance	24,906	25,014	10,809	10,814	11,026	10,546	2,917	3,573	154	81
General and administrative	21,983	20,398	8,114	8,261	10,005	8,859	3,864	3,278	-	-
Depreciation	13,747	12,884	3,981	3,542	7,438	7,194	2,295	2,118	33	30
Total operating expenses	123,721	116,717	37,369	35,238	66,785	62,343	19,380	19,025	187	111
OPERATING INCOME (LOSS)	(39,263)	(30,381)	24,659	27,320	(50,254)	(44,634)	(13,595)	(13,035)	(73)	(32)
NONOPERATING REVENUES (EXPENSES):										
Operating assistance:										
State operating assistance	18,947	16,544	182	163	15,475	13,554	3,290	2,827	-	-
Federal operating assistance	282	93	-	-	238	93	44	-	-	-
Local operating assistance	(78)	(251)	-	-	(138)	(251)	60	-	-	-
Total operating assistance	19,151	16,386	182	163	15,575	13,396	3,394	2,827	-	-
Investment income	4,388	6,477	4,388	6,477	-	-	-	-	-	-
Total nonoperating revenues	23,539	22,863	4,570	6,640	15,575	13,396	3,394	2,827	-	-
NET INCOME (LOSS)	(15,724)	(7,518)	29,229	33,960	(34,679)	(31,238)	(10,201)	(10,208)	(73)	(32)
DEPRECIATION ON CAPITAL ASSETS ACQUIRED WITH CAPITAL GRANTS	9,470	9,334	1,226	1,211	6,828	6,693	1,402	1,428	14	2
EXCESS REVENUES AVAILABLE FOR APPROPRIATIONS	$ (6,254)	$ 1,816	$ 30,455	$ 35,171	$ (27,851)	$ (24,545)	$ (8,799)	$ (8,780)	$ (59)	$ (30)

GOLDEN GATE BRIDGE
HIGHWAY & TRANSPORTATION DISTRICT

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